

ANNUAL BUDGET OF uMLALAZI MUNICIPALITY



2011/2012 TO 2013/2014

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

5 MAY 2011

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ABBREVIATIONS AND ACRONYMS

COGTA	-	Co-Operative Governance and Traditional Affairs
CPI	-	Consumer Price Index
DORA	-	Division of Revenue Act
GRAP	-	Generally Recognised Accounting Practice
IBT	-	Inclining Block Tariff
IDP	-	Integrated Development Plan
KDS	-	King Dinuzulu Suburb
KWH	-	Kilowatt Hour
LED	-	Local Economic Development
LG	-	Local Government
MIG	-	Municipal Infrastructure Grant
MFMA	-	Municipal Finance Management Act
MPRA	-	Municipal Property Rates Act
MSIG	-	Municipal Systems Improvement Grant
MTREF	-	Medium Term Revenue and Expenditure Framework
NERSA	-	National Electricity Regulator of South Africa
PMU	-	Project Management Unit
PPE	-	Property Plant and Equipment
SALGA	-	South African Local Government Association
SALGBC	-	South African Local Government Bargaining Council
SDBIP	-	Service Delivery and Budget Implementation Plan

1. MAYOR'S REPORT

2011/2012 BUDGET PRESENTATION BY HIS WORSHIP THE MAYOR COUNCILOR M.E.T MAGWAZA

AT THE uMLALAZI COUNCIL MEETING HELD IN THE ESHOWE COUNCIL CHAMBERS ON TUESDAY, 5 MAY 2011

Mr Speaker I wish to present an overview of the Budget and Medium Term Revenue and Expenditure Framework (MTREF) for the uMlalazi Municipality. The Budget and MTREF has been compiled in terms of the Local Government: Municipal Finance Management Act 56 of 2003, circulars and budget formats guides received from National Treasury.

In his budget speech to parliament on 17 February 2011, the Minister of Finance said: "We cannot expect to do the same old things and expect different results." In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short lived and that the world economy may yet experience a second recessionary wave. uMlalazi Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of "doing business smarter".

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

In his 2011 State of the Nation Address, the President signaled that government is primarily concerned about the continuing high levels of unemployment and poverty in the country.

To address these concerns, 2011 has been declared a year of job creation. Every sector and every business entity, regardless of size, is urged to focus on job creation. Every contribution counts in this national effort. All government departments will align their programmes with the job creation imperative. The provincial and local government spheres are requested to do the same.

As the President concluded:

Our goal is clear. We want to have a country where millions more South Africans have decent employment opportunities, which has a modern infrastructure and a vibrant economy and where the quality of life is high.

We all have a responsibility to work hard to make this a reality.

Everyone must think of how they can contribute to the jobs campaign through creating opportunities for themselves and others.

In drafting the 2011/2012 budget and MTREF, the municipality explored opportunities to mainstream labour intensive approaches to deliver services, and more particularly to participate fully in the Extended Public Works Programme.

However the municipality will not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term. The municipality focused on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

With reference to employment creation, provision is made for the following:

- Contractors that are appointed for Municipal Infrastructure Grant (MIG) projects, are encouraged to make use of local labour;
- R2 000 000 from the equitable share is allocated for LED projects;
- R6 942 020 from the equitable share is allocated for work creation projects;
- The Manager: Engineering Services is investigating how to participate in the Extended Public Works Programme, and
- The Council has appointed five financial interns.

When the rates, tariffs and other charges for the 2011/2012 budget and MTREF were revised the Council took into account the labour (ie the wage agreements with unions) and other input costs of services provided by the municipality, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy. The municipality also took into account relevant policy developments in the different sectors.

Given the upcoming elections (to take place on 18 May 2011) the Council were not tempted to prepare an 'election friendly budget'- with unrealistically low tariff increases and an over ambitious capital expenditure programme. Such an approach will result in the budget being unfunded, which will place the financial sustainability of the municipality at risk and impact negatively on service delivery.

The municipality are structuring the tariffs for utility services to encourage more efficient use of these services and to generate the resources required to fund the maintenance, renewal and expansion of the infrastructure required to provide the services.

The budget depicts a total expenditure growth of R15 690 million or 7.99%, which is made up as follows:

Capital Budget (decrease) from	R 35 434 million to R 33 318 million
Operating budget (increase) from	<u>R160 930</u> million to <u>R178 736</u> million
	R196 364 million to R212 054 million or R15 690 million (7.99%)

Capital Budget

The following guidelines were applied in order to value and prioritize the capital projects:

- In line with the Council's revised IDP
- Carry over of previously approved projects
- Existing Council's resolutions, statutory requirements and services related benefits.
- Provision was made for the basic capital projects to be funded from the equitable share if actual cash is available.
- Provision was made for the basic capital budget to fall within a expenditure growth limit of 6%.

The Capital Budget of R33 318 000 is funded as follows:

Equitable Share Grant	-	R11 049 000
Municipal Infrastructure Grant	-	R21 609 000
Department of Minerals & Energy	-	<u>R 660 000</u>
		<u>R33 318 000</u>

Refer to section 3.5 under the Executive Summary for details of the capital budget.

Operating Budget

Operating Revenue Framework

The municipality is budgeting for revenue of R178 736 000, of which the detail revenue sources are reflected under section 3.2.1 of the executive summary.

Property rates:

- * The uMlalazi Municipality is one of four municipalities in KwaZulu Natal, that completed the second round of re-valuation of properties, to be implemented on 1 July 2011. The increase in valuations caused that the tariff will decrease from 1.37c/R to 1.05c/R. The revenue growth of the property rates revenue line is only 1.72%.
- * An investigation will be done to grant all pensioners a rebate, where the household income will not form part of the criteria to qualify for the rebate. The new pensioner rebate system will be considered for the 2012/2013 budget year.

- * The additional reduction on the market value of developed residential properties, is increased from R35 000 to R60 000. This increase is costing the Council R876 440 in revenue.

Electricity revenue:

- * The municipality will implement the inclining block tariff (1BT) specified by NERSA for all municipalities domestic/residential customers on 1 July 2011. The implementation of 1BT for domestic customers will cause an average increase of 17% . The inclining block tariff is not applicable to business, industrial and maximum demand customers. The tariff increase for these categories of customers will be 20.38%

Refuse revenue:

- * To bring the tariff in line with the actual cost of the service, the business tariff for a six day per week clearance is increased by 45.27 percent. The rest of the tariffs are increased by 10 percent

Revising of tariffs:

- * It is important to note that R35 586 000 of the Equitable Share Grant is utilized to subsidize the different tariffs in the revenue operating budget.

Operating Expenditure Framework

The municipality is budgeting for expenditure of R178 565 000, of which the detail expenditure types are reflected under section 3.4.1 of the executive summary.

- * Employee related costs - This increased by 7.6% or R3.9 million. A salary increase of 6% is based on the wage agreement which SALGA concluded with the municipal workers unions in April 2010.
- * Remuneration of Councillors - The annual costs amount to R12 435 million. An increase of 6% on the upper limits is provided for, which is the same as for staff salary increases. The remuneration of Councillors is determined by the Minister of Co-Operative Governance and Traditional Affairs, in accordance with the remuneration of Public Bearers Act (Act 20 of 1998).
- * Depreciation and asset impairment – Provision for depreciation has been informed by the municipality's asset management policy. The implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.
- * Bulk purchases - are directly informed by the purchase of electricity from Eskom. The annual price increase of 26.71% has been factored into the budget appropriation and directly inform the revenue provision. The expenditure include distribution losses.
- * Contracted Services – As part of the compilation of the 2011/2012 budget and MTREF, this group of expenditure was critically evaluated and operational efficiencies are enforced. This group of expenditure totals R15.2 million and has escalated by 9.22%
- * Other expenditure – comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Equitable Share Grant

In terms of the division of the revenue bill, as published in the government gazette no. 33959 of 24 January 2011, the Council will receive the following amounts as it's equitable share grant from National Treasury, for the next three years:

2011/2012	-	R69 515 000
2012/2013	-	R76 827 000
2013/2014	-	R81 845 000

The suggested detail allocations of the amount for the 2011/2012 budget year, are set out in the recommendations of the agenda item.

The extreme moderate and well deliberated rates and services tariff increases, should be welcomed by all communities and serve as an indication that Council is more than aware of the need to compassionately accommodate our people. The millions of rands being poured into our rural communities for varied activities, is a further commendable effort by Council to show our people that we are serious in attending to their needs.

All current grants, rates rebates, free electricity and free refuse charges will remain in force to the benefit of those people, receiving such benefits.

Mr Speaker, the term of the current Council is about to cease. Needless to say, the new Council will face new challenges that should be tackled with enthusiasm and a pragmatic approach, and I appeal that the new Councillors work together for the common good and goal of development.

Accordingly the 2011/2012 budget and Medium Term Revenue and Expenditure Framework, as detailed in the document with recommendations, are tabled for the final adoption by Council.

I thank you.

2. BUDGET RELATED RESOLUTIONS

RECOMMENDED

Page

1. That the annual budget of the municipality for the financial year 2011/2012; and indicative for the two projected outer years 2012/2013 and 2013/2014 be approved as set-out in the following schedules:
 - 1.1 **Budget Summary** (Financial Performance, Capital Expenditure and Fund sources, Financial Position, Cash Flows & Asset Management) **Table A1** 22
 - 1.2 **Budgeted Financial Performance** (Revenue and Expenditure by Standard classification) **Table A2** 23
 - 1.3 **Budgeted Financial Performance** (Revenue and Expenditure by Municipal Vote) **Table A3** 24
 - 1.4 **Budgeted Financial Performance** (Revenue and Expenditure) **Table A4** 25
 - 1.5 **Budgeted Capital expenditure** by Vote, Standard classification and funding-**Table A5** 28
2. That the financial position, cash flows, cash-backed reserve/ accumulated surplus, asset management and basic service delivery measurements are adopted as set out in the following tables:
 - 2.1 **Budgeted Financial Position-A6** 30
 - 2.2 **Budgeted Cash Flows – Table A7** 31
 - 2.3 **Cash backed reserves & accumulated surplus reconciliation Table A8** 32
 - 2.4 **Asset Management- Table A9** 33
 - 2.5 **Basic Service Delivery Measurement-Table A10** 35
3. That the Service Delivery and Budget Implementation Plan (SDBIP) tabled together with the measurable performance objectives per vote be approved.
4. That the amendments to the budget related policies be approved.
5. That the budget funding and tariffs be approved.
6. That the due date for the agreed annual single rates payment as prescribed by Section 26(2) (a) of the Local Government Municipal Property Rates Act 6 of 2004 be determined to be 30 September 2011.
7. That the consumers living in the low cost housing schemes where the property valuation of the property is below R100 00.00 and those on the list of the indigent support programme be identified as poor households who will qualify for the free refuse service as determine in the Free Basic Services Grant.

8. That the expenditure on the Equitable Share Grant be approved as follows:

DETAILS	BUDGET
	2011/2012
International relations	100,000
Community halls maintenance (Rural)	300,000
Community halls maintenance (Urban)	1,000, 000
Rural community halls	855,000
Care taking: rural buildings	300,000
Youth development	400,000
Rural education (Creches)	314,640
Community support programme	456,690
Local economic development (LED)	2,000,000
Ceremonial events	100,000
Commemorative celebrations	150,000
Rates relief	24,364,920
Depreciation on assets contribution	3,201,600
Poverty alleviation	1,500,000
Ward Committee expenses	100,000
Councillor's remuneration	3,128,000
Disaster assistance	700,000
Humanitarian assistance	400,000
Sport development	400,000
Cultural development	100,000
HIV Relief	500,000
Clinics subsidy contribution	1,612,770
Work creation projects	1,292,020
Sports fields - security	350,000
Sports fields - maintenance	1,800,000
Rural grounds maintenance	400,000
Rural roads and causeways	2,900,000
Rehabilitation of urban roads	3,550,000
Free refuse	1,024,800
Solid waste relief	1,189,180
Naickerville housing top up	2,000,000
Free electricity	1,065,000
Increase in Eskom supply	4,000,000
New administration offices (Alpha control)	2,000,000
Capital projects contribution	5,960,380
	69,515,000

9. That in terms of Section 17 (3) (k) of the Local Government: Municipal Finance Management Act, (No. 56 of 2003), that the proposed cost to council of salary, allowances and benefits of, councilors and senior officials be noted.
10. That any savings on Equitable Share votes for the 2010/2011 financial year be first utilized to adjust the Local Economic Development vote's R2 000 000 to R3 700 000.
11. That the comments of the Chief Financial Officer on the letter from Provincial Treasury be noted.
12. That property owners, excluding state owned property, who are registered annual ratepayers who settle the account the account on or before the last working day of September of each financial year, will receive an additional 5% rebate.

3. EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were received as part of this year's planning and budget process. Where appropriate, funds were transferred from low to high priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The budget/IDP process occurred according to the budget timetable approved by Council in August 2010. This ensured compliance with the LG: MFMA and subsequent circulars in the preparation and approval of the multi-year budget/IDP.

The Budget and Medium Term Revenue and Expenditure Framework (MTREF) was also prepared taking cognizance of the contents of the Local Government: Municipal Finance Management Act No 56 of 2003, Circular No. 54 and 55 and the LG:MFMA Budget Formats Guide received from National Treasury.

The main challenges experienced during the compilation of the 2011/2012 Budget and MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable – as there will be a point where services will no longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Affordability of capital projects-original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2011/2012 budget and MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2011/2012 Budget and MTREF:

- The 2010/2011 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2011/2012 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2011/2012 Budget and Medium-term Revenue and Expenditure Framework:

3.1 Consolidated Overview of the 2011/2012 Budget and MTREF

Details	Adjustments Budget 2010/2011	Budget Year 2011/2012	Budget Year +1 2012/2013	Budget Year +2 2013/2014
Total operating revenue	158 067 000	178 736 000	196 555 000	218 546 000
Total operating expenditure	157 652 000	178 565 000	196 522 000	218 474 000
(Surplus)/Deficit for the year	(415 000)	(171 000)	(33 000)	(72 000)
Total Capital Expenditure	35 434 000	33 318 000	34 432 000	40 006 000

Total operating revenue has grown by 13.08 per cent or R20 669 000 for the 2011/2012 financial year when compared to the 2010/2011 Adjustments Budget. For the two outer years, operational revenue will increase by 9.97 and 11.19 per cent respectively, equating to a total revenue growth of R60 479 000 over the MTREF when compared to the 2010/2011 financial year.

Total operating expenditure for the 2011/2012 financial year has been appropriated at R178 565 000 and translates into a budgeted surplus of R171 000. When compared to the 2010/2011 Adjustments Budget, operational expenditure has grown by 13.27 per cent in the 2011/2012 budget and by 10.06 and 11.17 per cent for each of the respective outer years of the MTREF.

The capital budget of R33 318 000 for 2011/2012 is 5.97 per cent less when compared to the 2010/2011 Adjustment Budget. The reduction is due to various projects being finalized in the previous financial year as well as affordability constraints in the light of current economic circumstances.

3.2 Operating Revenue Framework

For uMlalazi Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policy of the Municipality.

The following table is a summary of the 2011/2012 Budget and MTREF (classified by main revenue source):

3.2.1 Summary of revenue classified by main revenue source

Description	Current Year 2010/2011			2011/2012 Expenditure	Medium Term	Revenue and
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/2012	Budget Year +1 2012/2013	Budget Year +2 2013/2014
Revenue by Source						
Property rates	37 364	38 282	38 262	38 920	40 442	42 059
Property rates-penalties & collection charges	950	1 143	1 143	1 116	1 049	997
Service charges- electricity revenue	40 520	40 555	40 555	48 171	56 896	67 043
Service charges- refuse revenue	5 999	6 231	6 231	7 165	8 399	9 238
Rental of facilities and equipment	1 011	1 286	1 299	1 335	1 412	1 494
Interest earned-external investments	600	350	350	350	350	350
Fines	4 230	3 709	3 709	3 904	4 100	4 306
Licences and permits	12	2 915	2 914	3 060	3 212	3 373
Transfers recognized – operational	55 439	59 845	62 738	70 778	76 664	85 530
Other revenue	7 629	3 551	3 529	3 738	3 832	3 955
Gains on disposal of PPE	200	200	200	200	200	200
Total revenue (excluding capital transfers and contributions)	153 955	158 067	160 930	178 736	196 555	218 546

In line with the formats prescribed by the Municipal Budget and reporting regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2010/2011 financial year, revenue from rates and services charges totaled R86 211 000 or 54.54 per cent. This increase to R95 372 000, R106 786 000 and R119 337 000 in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 54.54 per cent in 2011/2012 to 54.74 per cent in 2013/2014. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the municipality.

Property rates is the third largest revenue source totaling 22.4 per cent or R40 036 000 rand and increases to R43 056 000 by 2013/2014.

Operating grants and transfers is the second largest revenue source totaling R59 845 000 in the 2010/2011 financial year and steadily increases to R85 530 000 by 2013/2014. Note that the year-on-year growth for the 2011/2012 financial year is 18.27 per cent and then flattens out to 8.32 and 11.56 per cent in the two outer years. The following tables gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

3.2.2 Operating transfers and grant receipts

Description	Current Year 2010/2011			2011/2012 Expenditure	Medium Term	Revenue and
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/2012	Budget Year +1 2012/2013	Budget Year +2 2013/2014
Receipts						
Operating Transfers and Grants						
National Government	52 327	55 649	58 549	64 745	71 789	78 998
Local Government Equitable Share	50 377	53 699	56 599	61 555	68 509	75 148
Municipal systems Improvement	750	750	750	790	800	900
Finance Management	1 200	1 200	1 200	1 450	1 500	1 750
Project management Unit (MIG Projects)				950	980	1 200
Provincial Government	2 452	3 036	3 029	5 450	4 257	5 914
Health Subsidy	2 289	2 861	2 861	2 400	2 520	2 646
Museum subsidy	73	73	73	220	234	245
PT: Community Library Services	90	102	95	193	205	297
PT: Provincialisation of libraries				1 237	1 298	2 726
COGTA: Establishment of pound grant				1 000		
PT: Greenest Municipality				400		
PIPMA DTLGA-IDM						
District Municipality	540	1 159	1 159	583	618	618
uThungulu District Grant: Salary claims	540	852	852	583	618	618
uThungulu District Grant: Zulu Dance		20	20			
uThungulu District Grant: Capacity Building						
uThungulu District Grant: Information signs R66		288	288			
Other grant providers	121					
Property rates	121					
Total operating transfers and grants	55 439	59 845	62 738	70 778	76 664	85 530

3.3 Tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom's bulk tariff is far beyond the mentioned inflation target. Given that this tariff increase is determined by external agencies, the impact it has on the municipality's electricity tariffs are largely outside the control of the municipality. Discounting the impact of this price increase in lower consumer tariffs will erode the future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement, etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by their operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

3.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R60 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 40 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, is the following:

- R4 800.00 or less for single persons
- R6 000.00 or less for married couples

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of health, also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.
- The municipality may award a 100 per cent grant in aid on the assessment rates of rate-able properties of certain classes such as churches, registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non payment and increased bad debts.

The uMlalazi Municipality is one of four municipalities in KwaZulu Natal that completed the second round of re-valuation of properties, to be implemented on 1 July 2011. Efforts are made to keep the revenue growth of the property rates revenue line on 4% and lower.

An investigation is in the process to grant all pensioners a rebate, where the household income will not form part of the criteria to qualify for the rebate.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2011/2012 financial year based on a 23.36 per cent decrease from 1 July 2011 is contained below:

Category	2010/2011 c/R	2011/2012 c/R
Residential	1.37	1.05
Commercial and Industrial	1.37	1.05
Government	1.37	1.05
Municipal	1.37	1.05
Clubs/Churches	1.37	1.05
Agricultural	0.343	0.263
Public service infrastructure	0.343	0.263

3.3.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 26.71 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2011.

Considering the Eskom increases, the consumer tariff had to be increased by 20.38 per cent to offset the additional bulk purchase cost from 1 July 2011. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented for residential consumers from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. Most of the reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life expectancy. The upgrading of the municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines. Owing to the high increases in Eskom bulk tariffs, it is clearly not possible to fund these necessary upgrades through increase in the municipal electricity tariff-as the resultant tariff increases would be unaffordable for the consumers. As part of the 2011/2012 medium term upgrading programme, funding of R4 000 000 from the Equitable Share Grant has been allocated to electricity infrastructure.

3.3.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is subsidized with an allocation from the equitable share grant of R1 189 000. Without this subsidy, the solid waste removal service will operate at a deficit. The main contributors to the high operational cost are cost of remuneration, bin liners, repairs and maintenance on vehicles, increases in fuel and solid waste contracts.

The municipality will have to implement and monitor a recycling program in the community, to ensure that this service can be rendered in a sustainable manner over the medium to long term.

To bring the tariff in line with the actual cost of the service, the business tariff for a six day per week clearance is increased by 45.27 percent. The rest of the tariffs are increased by 10 percent

3.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2011/2012 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash backed reserves to fund any deficit;
- Funding of the budget over the medium term as informed by Section 18 and 19 of the MFMA;
- The Capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/2012 budget and MTREF (Classified per main type of operating expenditure):

3.4.1 Summary of operating expenditure by standard classification item

Description	Current Year 2010/2011			2011/2012 Expenditure	Medium Term	Revenue and
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/2012	Budget Year +1 2012/2013	Budget Year +2 2013/2014
Expenditure by Type						
Employee related costs	51 818	53 449	51 746	55 755	59 841	64 141
Remuneration of councillors	11 491	11 083	11 083	11 798	12 506	13 256
Depreciation & asset impairment	5 263	7 276	7 276	8 004	8 804	9 685
Finance charges	36	517	517	892	854	818
Bulk purchases	24 372	20 701	20 701	26 231	33 024	41 280
Contracted services	13 921	13 391	13 707	15 204	15 448	16 017
Transfers and grants	359	399	399	437	461	485
Other expenditure	46 484	50 835	53 375	60 245	65 584	72 791
Loss on disposal of PPE						
Total Expenditure	153 743	157 652	158 804	178 565	196 522	218 474

- The budget allocation for employee related costs for the 2011/2012 financial year totals R55 755 000, which equals 31.22 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into his budget at a percentage increase of 6 per cent for the 2011/2012 financial year. An annual increase of 6 per cent has been included in the two outer years of the MTREF. The Executive Committee at it meeting held on 1 December 2009, resolved that until such time as and when the report of the staff structure/organogram of the uMlalazi Municipality has been considered and approved by the Executive Committee, no additional posts be created on the staff structure
- The cost associated with the remuneration of councilors is determined by the Minister of Co-Operative Governance and Traditional Affairs, in accordance with the remuneration of Public Bearers Act (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. An increase of 6% is budgeted for the increase for Councillor allowances.
- Provision for depreciation and asset impairments has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in the regard total R8 004 000 for the 2011/2012 financial and equates to 4.48 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.
- Finance charges consist primarily of the repayment of interest on long term borrowing (cost of capital). Finance charges make up 0.5 per cent (R892 000) of operating expenditure excluding annual redemption for 2011/2012 and decreases to R818 000 by 2013/2014.
- Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure include distribution losses.
- Contracted services has been identified as a cost saving area for the municipality. As part of the compilation of the 2011/2012 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2011/2012 financial year, this group of expenditure totals R15 204 000 and has escalated by 10.92 per cent. For the two outer years growth has been limited to 1.6 and 3.68 per cent.
- Provision is made for the following contracted services:

	2011/2012	2012/2013	2013/2014
Animal pound facility	1 000 000	552 810	585 980
Archive storage	42 400	44 950	47 640
Bank collections	191 200	200 760	210 800
Cleaning	386 080	408 790	432 890
Computer maintenance	980 230	1 043 710	1 133 330
Grass cutting	1 187 000	1 246 350	1 308 670
Insurance	572 560	606 939	640 940
Internal audit	660 000	660 000	660 000
Medical waste	30 660	32 190	33 800
Pauper burials	20 000	23 000	25 000
Performance management system	150 000	100 000	100 000
Pre paid electricity vending management system	82 850	86 990	91 340
Pre paid electricity vending: commission	245 000	251 500	258 000
Post employment report	22 800	24 200	25 620
Refuse removal contracts	4 066 240	4 329 170	4 609 130
Rental of land	294 190	316 200	74 060
Rental of office equipment	345 640	363 050	381 330
Security	1 872 970	1 972 590	2 077 600
Town planning	462 000	508 200	559 020
Traffic violation system	1 935 310	1 996 460	2 057 610
Valuation costs	300 000	300 000	300 000
Weigh bridge	356 820	380 020	404 720
TOTAL	15 203 950	15 447 870	16 017 480

- Provision is made for the payment of the following grants:

	2011/2012	2012/2013	2013/2014
Zululand Historical Museum	92 000	101 000	110 000
SPCA	105 000	110 000	115 000
Social Welfare	65 000	70 000	75 000
Tourism	175 000	180 000	185 000
TOTAL	437 000	461 000	485 000

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

- Other expenditure comprises of the following:

	2011/2012	2012/2013	2013/2014
Provision for bad debts	564 250	592 460	622 090
Repairs and maintenance	12 373 780	10 524 260	11 923 190
Post retirement medical benefits & long service awards	1 061 900	1 114 990	1 170 740
General expenses	45 889 510	52 975 460	58 675 840
Contribution to staff leave	355 580	376 910	399 520
TOTAL	60 245 020	65 584 080	72 791 380

Provision is made for the following repairs and maintenance:

	2011/2012	2012/2013	2013/2014
Air-conditioning	30 000	35 000	40 000
Buildings	451 650	393 680	413 450
Electricity mains	821 480	898 620	983 490
Electricity sub stations	25 010	27 520	30 270
Fire extinguishers	40 000	50 000	60 000
Fuel and oil	1 535 630	1 612 400	1 693 010
Furniture, plant and equipment	126 740	145 400	153 520
Government grants expenditure	7 050 000	5 258 730	6 400 000
Grounds	331 170	132 720	62 190
Information signs	7 000	8 000	9 000
Office equipment	64 900	68 150	71 540
Roads & Streets	686 300	689 120	723 570
Small plant and equipment	139 650	146 640	153 970
Speed testing equipment	20 920	20 920	20 920
Street lights	207 570	228 330	251 160
Traffic signs	27 700	29 090	30 540
Transport	716 740	754 770	792 670
Other	91 320	25 170	33 890
TOTAL	12 373 780	10 524 260	11 923 190

Provision is made for the following general expenses:

	2011/2012	2012/2013	2013/2014
Advertising	360 000	381 600	400 000
Audit fees (Auditor General)	1 370 070	1 497 370	1 636 830
Bank charges	290 510	305 040	320 290
Bargaining Council levies	16 710	17 710	18 780
Bursaries	70 000	80 000	90 000
Chemicals	29 750	31 240	52 800
Civic expenses	120 000	126 000	132 300
Cleaning material	51 170	53 720	57 430
Conference and delegations	39 000	40 000	41 000
Council's communications	240 000	260 000	280 000
Entertainment expenses	151 820	160 420	169 550
Finance management grant	1 450 000	1 500 000	1 750 000
Free electricity	1 074 610	1 116 150	1 173 310
Free refuse	1 024 730	1 257 430	1 383 170
Government grants expenditure	18 661 350	25 255 000	29 223 810
Greenest Municipality grant Expenditure	400 000	-	-
Integrated development plan review	100 000	120 000	120 000
Legal expenses	1 105 470	1 160 750	1 218 780
Library books	23 000	25 000	27 000
Licence fees	58 580	60 880	63 320
Loose tools	71 700	28 030	29 410
Medical supplies	168 000	176 400	185 220
Membership fees	352 330	399 920	453 440
Municipal systems improvement grant expenditure	790 000	800 000	900 000
Periodicals and publications	58 540	61 460	64 540
Postage	157 110	164 970	173 220
Printing and stationery	775 560	814 300	856 040
Publicity	66 300	71 620	76 950
Project Management Unit Costs (MIG projects)	950 000	980 000	1 200 000
Rates rebate	11 726 510	11 795 030	12 206 770
Refuse bin liners	304 520	334 970	368 470
Rental of buildings	29 040	29 040	29 040
Road marking	68 440	71 860	75 460
SABS:3% charge	36 970	38 820	40 760
Staff relocation costs	20 000	20 000	20 000
Subsistence & travel	604 500	634 720	666 460
Telephones costs	1 298 340	1 363 260	1 431 420
Training	612 000	612 000	412 000
Ward committees	150 000	156 000	182 000
Weed eradication	634 040	673 390	829 110
Water & sanitation costs	220 500	231 530	243 100
Others	68 400	69 830	74 060
TOTAL	45 889 570	52 975 460	58 675 840

3.5 Capital Budget

The following guidelines were applied in order to value and prioritize the capital projects:

- In line with the Council's revised IDP
- Carry over of previously approved projects
- Existing Council's resolutions, statutory requirements and services related benefits.
- Provision was made for the basic capital projects to be funded from the equitable share if actual cash is available.
- Provision was made for the basic capital budget to fall within a expenditure growth limit of 6%.

The components of the capital budget are follows:

Basic capital requirements for:		
Municipal departments	-	R 5 949 000
Ad Hoc projects	-	R 5 100 000
Municipal Infrastructure Grant projects	-	R21 609 000
Sunnydale Housing Electrification	-	<u>R 660 000</u>
		<u>R33 318 000</u>

The Capital Budget is funded as follows:

Equitable Share Grant	-	R11 049 000
Municipal Infrastructure Grant	-	R21 609 000
Department of Minerals & Energy	-	<u>R 660 000</u>
		<u>R33 318 000</u>

The basic capital projects to be funded from the Council's Equitable Share are the following:

Furniture & Equipment	-	R 1 800 000
Vehicles	-	R 780 000
Cemeteries	-	R 300 000
Buildings	-	R 1 470 000
Roads, Sidewalks & Stormwater	-	R 970 000
Electricity	-	<u>R 629 000</u>
		<u>R 5 949 000</u>

The Ad hoc capital projects are as follows:

Administration offices (Alpha Control)	-	R 2 000 000
Small business development: Eshowe taxi rank	-	<u>R 3 100 000</u>
		<u>R 5 100 000</u>

The Municipal Infrastructure Grant Projects are the following:

Testing Station (new)	-	R 300 000
Crèches	-	R 1 313 000
Sportsfields	-	R 1 828 000
Causeways	-	R 1 226 000
Rural roads	-	R 1 380 000
Urban roads: Kangella Street	-	R 5 000 000
Butcher Street	-	R 1 990 000
Internal Roads: KDS	-	R 3 500 000
Sunnydale	-	<u>R 5 072 000</u>
		<u>R 21 609 000</u>

The capital budget will be spent on the following categories of assets:

Infrastructure : Roads	-	R19 138 000	58%
Electricity	-	R 1 289 000	4%
Other	-	R 3 750 000	12%
Investment properties	-	R 220 000	1%
Community assets	-	R 6 341 000	19%
Other assets	-	<u>R 2 580 000</u>	8%
Total draft capital expenditure		<u>R33 318 000</u>	

3.6 Financial position of Council

The accumulated surplus of the Council was R154 593 187 as at 30 June 2010. Unfortunately this amount is not cash backed. The surplus for the 2010/2011 and next three years is projected as follows:

2010/2011-	R2 126 000
2011/2012-	R 171 000
2012/2013-	R 33 000
2013/2014-	R 72 000

3.7 Alignment with National Priorities

3.7.1 In preparing the draft budget, government's 12 outcomes were taken into account.

These outcomes are:

- Improve the quality of basic education
- Improve health and life expectancy
- All people in South Africa protected and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support inclusive growth
- An efficient, competitive and responsive economic infrastructure network
- Vibrant, equitable and sustainable rural communities and food security
- Sustainable human settlements and improved quality of household life
- A response and, accountable, effective and efficient local government system.
- Protection and enhancement of environmental assets and natural resources
- A better South Africa, a better and safer Africa and world
- A development orientated public service and inclusive citizenship

These objectives are directly relevant to the municipality. The challenge for the municipality is do more within its existing resource envelope.

3.8 The Municipality's role in employment creation

" Employment is central to human dignity, sustainable economic development and social cohesion. Creating jobs and increasing employment is South Africa's most critical objective.

While there are many policy options to consider, emphasis should be placed on removing the structural impediments to faster job growth. This means aligning real wage growth with productivity, speeding up regulatory reform to ensure that young and less skilled workers can access the job market, and ensuring that further education and training programmes provide the real world skills needed by public and private sector employers. Public employment to support service delivery, and public works projects that draw in lower skilled workers, will continue to play an important role. The issue of youth unemployment is imperative and needs to be confronted directly."

Chapter 12 of the Local Government Budget and Expenditure review 2008 analysed the extent to which municipalities were supporting job creation. It is noted that:

" Many activities performed by municipalities lend themselves to providing job opportunities for low and unskilled labour. As indicated, municipalities face critical choices in this regard, whether to adopt capital intensive approaches or labour intensive approaches... Anecdotal information suggests that generally municipalities are inclined to adopt capital intensive approaches. The mechanization of grass cutting, street sweeping, ditch digging, road maintenance and a host of other activities points in this direction. Of course there is balance between job creation, efficiency and cost. This needs to be managed and in each instance the appropriate technology for the task needs to be decided upon, with a bias towards labour intensive approaches. The challenge is to mainstream the labour intensive approaches that are being used in the EPWP projects into the normal way municipalities go about their business of delivering services."

The Council will explore how it can contribute to job creation when revising the IDP and preparing the 2011/2012 budget. However, the Council will not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term. The Council will focus on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate
- Ensuring that service providers use labour intensive approaches.
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programmes; and
- Implementing interns programmes to provide young people with on the job training.

With reference to employment creation, provision is made for the following:

- Contractors that are appointed for Municipal Infrastructure Grant (MIG) projects, are encouraged to make use of local labour;
- R2 000 000 from the equitable share is allocated for LED projects;
- R6 942 020 from the equitable share is allocated for work creation projects;
- The Manager: Engineering Services is investigating how to participate in the Extended Public Works Programme, and
- The Council has appointed five financial interns.

3.9 Key amendments to budget –related policies

3.6.1 Rates Policy

3.6.1.1 The household income for pensioners to qualify for an additional 40% rebate, is increased as follows:

- single persons from R4 200.00 per month to R4 800.00 per month
- married couples from R5 400.00 to R6 000.00 per month

3.6.1.2 Residential property owners who are registered annual ratepayers, will receive an additional rebate of 5% if the accounts are settled on or before the last working day of September of each financial year.

3.6.2 Indigent Policy

Indigent residents may now apply annually instead of biannually, for indigent relief.

3.6.3 The detail amendments of the budget related policies are tabled under Section 8 of the budget documents.

4. Annual Draft Budget Tables

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KZN284 uMlalazi - Table A1 Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Financial Performance										
Property rates	23,469	27,352	32,047	38,314	39,425	39,404	-	40,036	41,491	43,056
Service charges	22,274	29,241	38,025	46,519	46,786	46,786	-	55,335	65,294	76,282
Investment revenue	859	566	393	600	350	350	-	350	350	350
Transfers recognised - operational	33,846	41,744	46,110	55,439	59,845	62,738	-	70,778	76,664	85,530
Other own revenue	10,934	11,597	10,792	13,083	11,661	11,652	-	12,236	12,756	13,328
Total Revenue (excluding capital transfers and contributions)	91,381	110,499	127,368	153,955	158,067	160,930	-	178,736	196,555	218,546
Employee costs	31,488	36,546	44,285	51,818	53,449	51,746	-	55,755	59,841	64,141
Remuneration of councillors	9,092	9,871	10,565	11,491	11,083	11,083	-	11,798	12,506	13,256
Depreciation & asset impairment	4,915	5,603	7,265	5,263	7,276	7,276	-	8,004	8,804	9,685
Finance charges	90	43	149	36	517	517	-	892	854	818
Materials and bulk purchases	11,653	14,815	17,812	24,372	20,701	20,701	-	26,231	33,024	41,280
Transfers and grants	238	306	335	359	399	399	-	437	461	485
Other expenditure	36,453	46,509	51,671	60,405	64,226	67,082	-	75,449	81,032	88,809
Total Expenditure	93,928	113,692	132,081	153,743	157,652	158,804	-	178,565	196,522	218,474
Surplus/(Deficit)	(2,546)	(3,193)	(4,713)	212	415	2,126	-	171	33	72
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(2,546)	(3,193)	(4,713)	212	415	2,126	-	171	33	72
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(2,546)	(3,193)	(4,713)	212	415	2,126	-	171	33	72
Capital expenditure & funds sources										
Capital expenditure	25,501	23,690	46,546	52,642	35,434	35,434	-	33,318	34,432	40,006
Transfers recognised - capital	19,710	18,905	41,056	52,642	33,126	33,126	-	33,318	34,432	40,006
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	5,490	-	2,308	2,308	-	-	-	-
Internally generated funds	5,791	4,785	-	-	-	-	-	-	-	-
Total sources of capital funds	25,501	23,690	46,546	52,642	35,434	35,434	-	33,318	34,432	40,006
Financial position										
Total current assets	32,107	40,104	41,563	28,166	26,171	26,171	-	26,433	26,697	26,964
Total non current assets	140,220	203,792	249,135	248,025	275,710	277,600	-	308,367	340,591	378,278
Total current liabilities	17,514	26,949	32,563	16,374	16,649	16,649	-	16,815	16,984	17,153
Total non current liabilities	7,949	10,681	18,420	11,928	14,599	14,599	-	14,745	14,892	15,041
Community wealth/Equity	146,864	206,265	239,714	247,889	270,633	272,523	-	303,239	335,412	373,047
Cash flows										
Net cash from (used) operating	10,128	16,127	42,840	54,527	13,937	13,937	-	33,309	32,525	40,199
Net cash from (used) investing	(10,287)	(18,629)	(46,319)	200	(29,459)	(29,459)	-	(33,098)	(32,267)	(39,842)
Net cash from (used) financing	(1,309)	(327)	(31)	(430)	2,297	2,297	-	(336)	(340)	(342)
Cash/cash equivalents at the year end	522	(2,307)	(5,817)	77,727	(9,980)	(9,980)	3,245	297	215	230
Cash backing/surplus reconciliation										
Cash and investments available	9,617	13,681	18,953	8,697	11,329	11,329	-	11,442	11,557	11,672
Application of cash and investments	4,164	14,400	12,168	4,142	7,962	7,959	-	2,058	3,238	4,650
Balance - surplus (shortfall)	5,454	(719)	6,785	4,555	3,367	3,370	-	9,384	8,318	7,022
Asset management										
Asset register summary (WDV)	30,335	29,621	53,304	59,573	41,107	42,997	42,551	42,551	44,357	50,426
Depreciation & asset impairment	4,915	5,603	7,265	5,263	7,276	7,276	8,004	8,004	8,804	9,685
Renewal of Existing Assets	4,413	2,483	1,863	2,689	2,689	2,689	20,120	20,120	18,279	13,522
Repairs and Maintenance	2,507	6,671	5,097	5,215	5,706	5,757	12,374	12,374	10,524	11,923
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	6,559	7,709	12,836	12,955	14,313	14,313	11,237	11,237	11,846	11,331
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	412,000	474,000	461,000	583,000	583,000	583,000	584,000	584,000	584,000	584,000
Refuse:	2,000	2,000	2,000	2,000	2,000	2,000	-	-	-	-

KZN284 uMlalazi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue - Standard										
<i>Governance and administration</i>		52,534	58,931	62,460	78,561	80,281	81,760	81,226	86,861	90,351
Executive and council		50,698	56,841	60,254	76,271	77,773	79,253	78,472	84,101	87,370
Budget and treasury office		1,432	1,815	2,072	2,182	2,380	2,380	2,607	2,593	2,793
Corporate services		404	275	134	108	128	127	147	168	188
<i>Community and public safety</i>		7,808	13,898	17,192	15,650	17,167	18,574	22,563	25,168	32,331
Community and social services		254	255	1,282	1,308	1,570	1,726	4,379	3,921	6,157
Sport and recreation		2,479	1,521	1,964	2,008	2,436	2,436	4,599	4,080	4,524
Public safety		956	3,412	4,312	4,632	4,143	4,894	5,430	5,979	6,017
Housing		192	3,657	4,251	1,953	2,465	2,965	2,160	4,367	8,575
Health		3,927	5,053	5,383	5,749	6,553	6,553	5,996	6,820	7,057
<i>Economic and environmental services</i>		5,617	5,746	6,760	8,219	8,455	8,455	11,380	11,278	12,306
Planning and development		329	364	658	1,030	1,051	1,051	1,481	1,118	1,345
Road transport		5,288	5,381	6,102	7,189	7,403	7,403	9,899	10,160	10,961
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		25,422	31,924	40,955	51,526	52,164	52,142	63,567	73,249	83,559
Electricity		20,992	26,404	33,782	42,130	42,440	42,418	53,714	62,513	72,193
Waste water management		2	1	2	1	1	1	1	1	1
Waste management		4,428	5,520	7,171	9,395	9,723	9,723	9,852	10,735	11,364
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	91,381	110,499	127,368	153,955	158,067	160,930	178,736	196,555	218,546
Expenditure - Standard										
<i>Governance and administration</i>		39,683	44,393	49,960	56,589	61,085	62,615	62,802	68,060	71,842
Executive and council		32,984	36,074	40,042	45,191	49,551	51,247	50,186	54,636	57,350
Budget and treasury office		3,869	4,956	6,304	7,168	7,312	7,351	8,231	8,732	9,471
Corporate services		2,830	3,363	3,614	4,230	4,221	4,017	4,386	4,692	5,021
<i>Community and public safety</i>		19,344	27,464	31,982	34,971	37,188	37,522	41,841	45,723	52,859
Community and social services		2,196	2,382	3,905	4,677	4,975	4,891	6,343	5,869	6,864
Sport and recreation		6,787	6,022	6,498	7,807	8,290	7,798	10,443	10,352	11,332
Public safety		5,414	9,153	10,714	12,897	13,367	13,896	14,861	16,130	16,648
Housing		113	3,633	4,241	1,943	2,439	2,939	2,144	4,347	8,550
Health		4,834	6,274	6,624	7,647	8,117	7,998	8,049	9,026	9,465
<i>Economic and environmental services</i>		7,771	8,961	10,261	12,543	13,362	12,829	17,208	17,434	18,850
Planning and development		716	1,339	1,795	2,585	2,605	2,355	3,025	2,756	3,086
Road transport		7,055	7,622	8,466	9,958	10,757	10,474	14,183	14,678	15,764
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		26,810	32,536	39,584	49,297	45,677	45,510	56,175	64,835	74,417
Electricity		20,601	25,095	29,098	37,440	34,120	33,990	44,294	51,993	60,680
Waste water management		252	285	383	414	414	383	407	433	461
Waste management		5,957	7,157	10,102	11,442	11,143	11,137	11,474	12,408	13,275
<i>Other</i>	4	319	338	293	343	341	329	539	471	507
Total Expenditure - Standard	3	93,927	113,692	132,080	153,743	157,652	158,804	178,565	196,522	218,474
Surplus/(Deficit) for the year		(2,546)	(3,193)	(4,713)	212	415	2,126	171	33	72

KZN284 uMlalazi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
Revenue by Vote	1									
Vote1 - EXECUTIVE AND COUNCIL		50,698	56,841	60,254	76,271	77,773	79,253	78,472	84,101	87,370
Vote2 - BUDGET AND TREASURY OFFICE		1,432	1,815	2,072	2,182	2,380	2,380	2,607	2,593	2,793
Vote3 - CORPORATE SERVICES		441	330	1,161	1,088	1,358	1,521	2,701	2,171	2,896
Vote4 - PLANNING AND DEVELOPMENT		329	364	658	1,030	1,051	1,051	1,481	1,118	1,345
Vote5 - HEALTH		3,927	5,053	5,383	5,749	6,553	6,553	5,996	6,820	7,057
Vote6 - COMMUNITY AND SOCIAL SERVICES		217	200	255	328	340	333	1,825	1,918	3,449
Vote7 - HOUSING		192	3,657	4,251	1,953	2,465	2,965	2,160	4,367	8,575
Vote8 - PUBLIC SAFETY		956	3,412	4,312	4,632	4,143	4,894	5,430	5,979	6,017
Vote9 - SPORTS AND RECREATION		2,480	1,521	1,964	2,008	2,436	2,436	4,599	4,080	4,524
Vote10 - WASTE MANAGEMENT		4,430	5,520	7,173	9,396	9,724	9,724	9,853	10,736	11,365
Vote11 - ROAD TRANSPORT		5,288	5,381	6,102	7,189	7,403	7,403	9,899	10,160	10,961
Vote12 - ELECTRICITY		20,991	26,404	33,782	42,130	42,440	42,418	53,714	62,513	72,193
Vote13 - AIR TRANSPORT		-	-	-	-	-	-	-	-	-
Vote14 - WORKSHOP		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	91,381	110,499	127,368	153,955	158,067	160,930	178,736	196,555	218,546
Expenditure by Vote to be appropriated	1									
Vote1 - EXECUTIVE AND COUNCIL		32,984	36,074	40,042	45,191	49,551	51,247	50,186	54,636	57,350
Vote2 - BUDGET AND TREASURY OFFICE		3,869	4,956	6,304	7,168	7,312	7,351	8,231	8,732	9,471
Vote3 - CORPORATE SERVICES		3,803	4,357	5,551	6,294	6,534	6,462	8,215	8,067	9,205
Vote4 - PLANNING AND DEVELOPMENT		716	1,339	1,795	2,585	2,605	2,355	3,025	2,756	3,086
Vote5 - HEALTH		4,835	6,274	6,624	7,647	8,117	7,998	8,049	9,026	9,465
Vote6 - COMMUNITY AND SOCIAL SERVICES		1,224	1,388	1,968	2,614	2,662	2,445	2,514	2,494	2,680
Vote7 - HOUSING		113	3,633	4,241	1,943	2,439	2,939	2,144	4,347	8,550
Vote8 - PUBLIC SAFETY		5,413	9,153	10,714	12,897	13,367	13,896	14,861	16,130	16,648
Vote9 - SPORTS AND RECREATION		6,787	6,022	6,498	7,807	8,290	7,798	10,443	10,352	11,332
Vote10 - WASTE MANAGEMENT		6,208	7,442	10,486	11,857	11,557	11,520	11,881	12,841	13,737
Vote11 - ROAD TRANSPORT		7,055	7,622	8,466	9,958	10,757	10,474	14,183	14,678	15,764
Vote12 - ELECTRICITY		20,598	25,095	29,098	37,440	34,120	33,990	44,294	51,993	60,680
Vote13 - AIR TRANSPORT		9	14	9	11	9	9	11	12	12
Vote14 - WORKSHOP		313	324	284	332	332	320	528	459	494
Total Expenditure by Vote	2	93,927	113,692	132,080	153,743	157,652	158,804	178,565	196,522	218,474
Surplus/(Deficit) for the year	2	(2,546)	(3,193)	(4,713)	212	415	2,126	171	33	72

KZN284 uMlalazi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
Revenue By Source										
Property rates	2	22,671	26,432	31,005	37,364	38,282	38,262	38,920	40,442	42,059
Property rates - penalties & collection charges		797	920	1,042	950	1,143	1,143	1,116	1,049	997
Service charges - electricity revenue	2	18,597	24,475	32,722	40,520	40,555	40,555	48,171	56,896	67,043
Service charges - refuse revenue	2	3,677	4,766	5,303	5,999	6,231	6,231	7,165	8,399	9,238
Rental of facilities and equipment		891	775	1,447	1,011	1,286	1,299	1,335	1,412	1,494
Interest earned - external investments		859	566	393	600	350	350	350	350	350
Fines		967	2,303	3,709	4,230	3,709	3,709	3,904	4,100	4,306
Licences and permits		3	5	2,320	12	2,915	2,914	3,060	3,212	3,373
Transfers recognised - operational		33,846	41,744	46,110	55,439	59,845	62,738	70,778	76,664	85,530
Other revenue	2	6,343	7,799	3,263	7,629	3,551	3,529	3,738	3,832	3,955
Gains on disposal of PPE		2,730	715	53	200	200	200	200	200	200
Total Revenue (excluding capital transfers and contributions)		91,381	110,499	127,368	153,955	158,067	160,930	178,736	196,555	218,546
Expenditure By Type										
Employee related costs	2	31,488	36,546	44,285	51,818	53,449	51,746	55,755	59,841	64,141
Remuneration of councillors		9,092	9,871	10,565	11,491	11,083	11,083	11,798	12,506	13,256
Depreciation & asset impairment	2	4,915	5,603	7,265	5,263	7,276	7,276	8,004	8,804	9,685
Finance charges		90	43	149	36	517	517	892	854	818
Bulk purchases	2	11,653	14,815	17,812	24,372	20,701	20,701	26,231	33,024	41,280
Contracted services		5,410	9,249	11,175	13,921	13,391	13,707	15,204	15,448	16,017
Transfers and grants		238	306	335	359	399	399	437	461	485
Other expenditure	4, 5	31,043	37,260	40,488	46,484	50,835	53,375	60,245	65,584	72,791
Loss on disposal of PPE				8				-		
Total Expenditure		93,928	113,692	132,081	153,743	157,652	158,804	178,565	196,522	218,474
Surplus/(Deficit)		(2,546)	(3,193)	(4,713)	212	415	2,126	171	33	72
Transfers recognised - capital	6	-	-	-	-	-	-	-	-	-
Contributions recognised - capital										
Contributed assets										
Surplus/(Deficit) after capital transfers & contributions		(2,546)	(3,193)	(4,713)	212	415	2,126	171	33	72
Taxation										
Surplus/(Deficit) after taxation		(2,546)	(3,193)	(4,713)	212	415	2,126	171	33	72
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(2,546)	(3,193)	(4,713)	212	415	2,126	171	33	72
Share of surplus/ (deficit) of associate	7									
Surplus/(Deficit) for the year		(2,546)	(3,193)	(4,713)	212	415	2,126	171	33	72

CHART A4 BUDGETED FINANCIAL PERFORMANCE (REVENUE)	
2011/2012 Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
REVENUE BY SOURCE	
PROPERTY RATES	40036
SERVICE CHARGES : ELECTRICITY	48171
SERVICE CHARGES : REFUSE	7165
TRANSFERS RECOGNISED	70778
OTHER REVENUE	12586
TOTAL REVENUE	178736

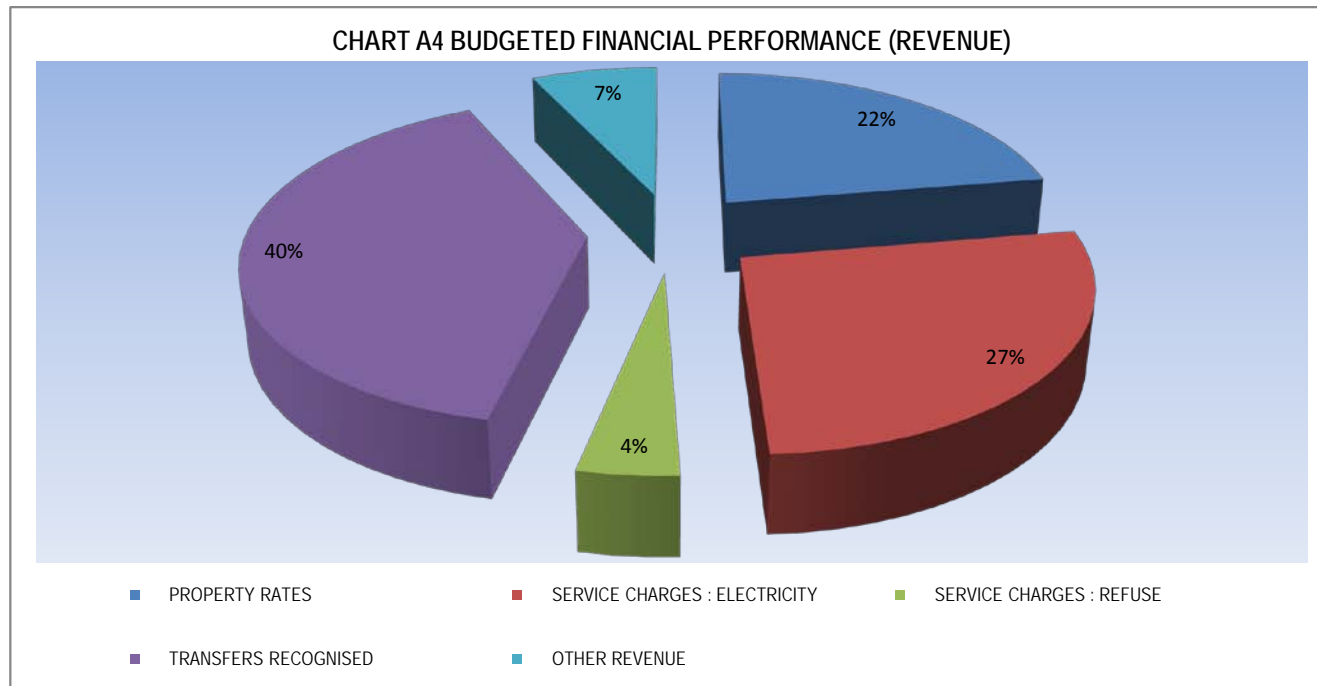
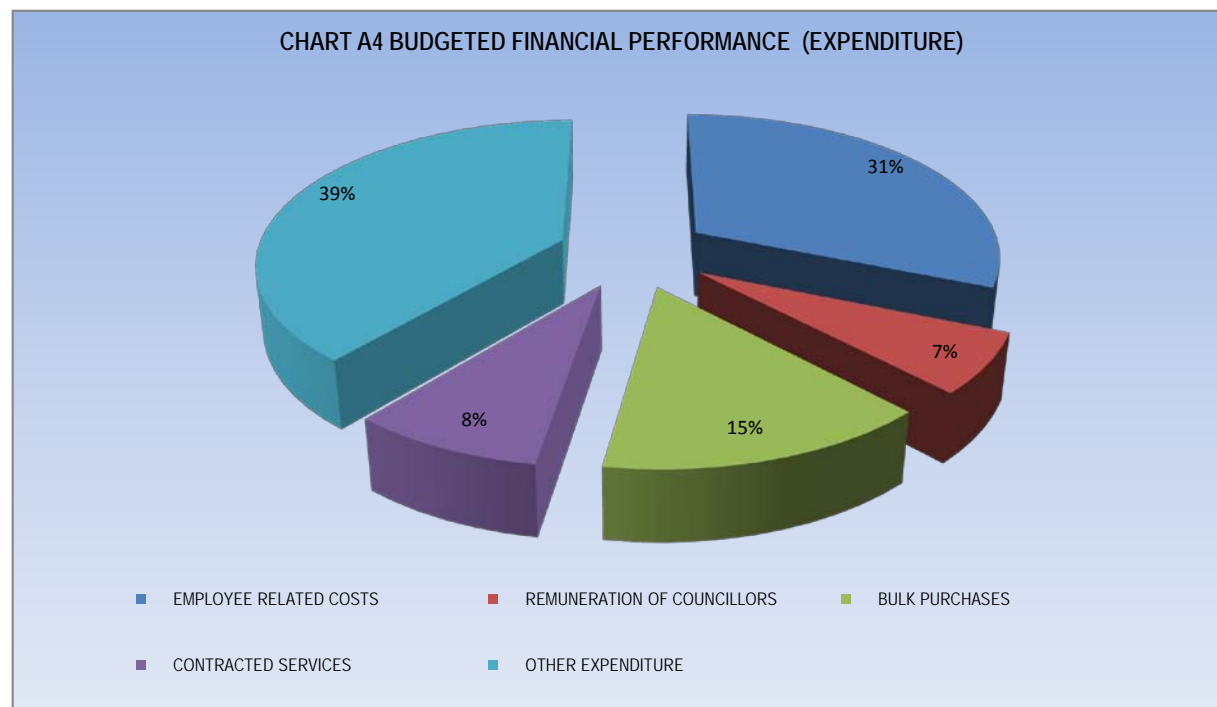


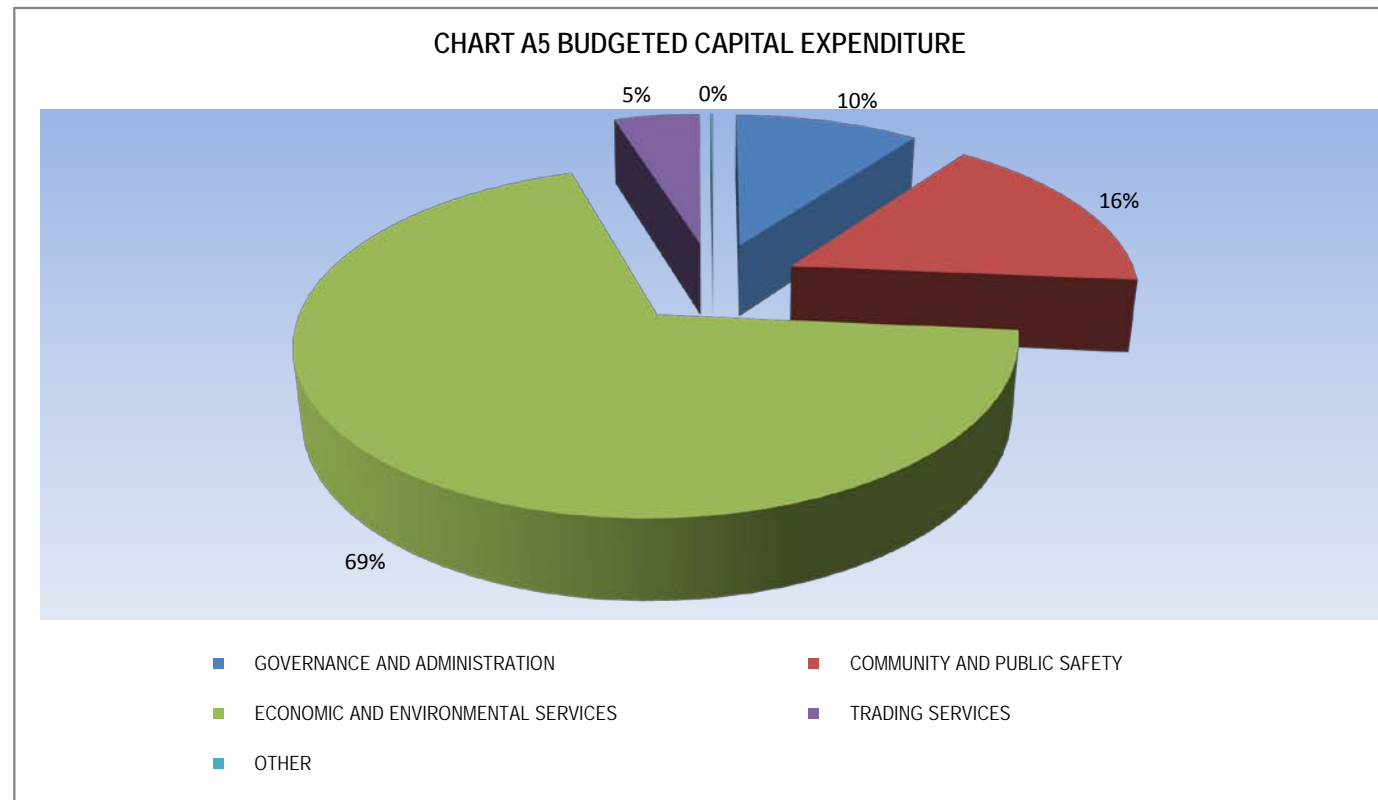
CHART A4 BUDGETED FINANCIAL PERFORMANCE (EXPENDITURE)	
2011/2012 Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
EXPENDITURE BY TYPE	
EMPLOYEE RELATED COSTS	55755
REMUNERATION OF COUNCILLORS	11798
BULK PURCHASES	26231
CONTRACTED SERVICES	15204
OTHER EXPENDITURE	69577
TOTAL EXPENDITURE	178565



KZN284 uMlalazi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
Capital expenditure - Vote										
Multi-year expenditure to be appropriated	2									
Vote1 - EXECUTIVE AND COUNCIL		2,133	45	278	285	228	228	79	74	406
Vote2 - BUDGET AND TREASURY OFFICE		167	290	116	130	250	250	609	373	411
Vote3 - CORPORATE SERVICES		1,589	721	308	3,392	3,170	3,170	2,685	2,940	1,880
Vote4 - PLANNING AND DEVELOPMENT		19	17	52	35	35	35	225	80	-
Vote5 - HEALTH		22	-	23	70	147	147	120	50	-
Vote6 - COMMUNITY AND SOCIAL SERVICES		112	5,082	2,404	3,017	3,440	3,440	1,673	355	370
Vote7 - HOUSING		39	-	-	20,000	-	-	-	-	-
Vote8 - PUBLIC SAFETY		233	1,568	2,002	1,249	650	650	892	580	935
Vote9 - SPORTS AND RECREATION		145	4,124	3,337	4,030	3,803	3,803	2,728	640	841
Vote10 - WASTE MANAGEMENT		1,811	1,264	8,843	3,246	3,270	3,270	280	80	1,445
Vote11 - ROAD TRANSPORT		18,461	10,398	26,781	13,337	16,988	16,988	22,693	27,360	30,980
Vote12 - ELECTRICITY		769	177	2,374	3,792	3,392	3,392	1,289	1,860	2,738
Vote13 - AIR TRANSPORT		-	-	-	-	-	-	-	-	-
Vote14 - WORKSHOP		-	4	30	60	60	60	45	40	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	25,501	23,690	46,546	52,642	35,434	35,434	33,318	34,432	40,006
Total Capital Expenditure - Vote		25,501	23,690	46,546	52,642	35,434	35,434	33,318	34,432	40,006
Capital Expenditure - Standard										
Governance and administration		3,890	1,056	702	3,807	3,648	3,648	3,373	3,387	2,697
Executive and council		2,133	45	278	285	228	228	79	74	406
Budget and treasury office		167	290	116	130	250	250	609	373	411
Corporate services		1,589	721	308	3,392	3,170	3,170	2,685	2,940	1,880
Community and public safety		551	10,775	7,766	28,365	8,040	8,040	5,413	1,625	2,146
Community and social services		112	5,082	2,404	3,017	3,440	3,440	1,673	355	370
Sport and recreation		145	4,124	3,337	4,030	3,803	3,803	2,728	640	841
Public safety		233	1,568	2,002	1,249	650	650	892	580	935
Housing		39	-	-	20,000	-	-	-	-	-
Health		22	-	23	70	147	147	120	50	-
Economic and environmental services		18,480	10,414	26,832	13,372	17,023	17,023	22,918	27,440	30,980
Planning and development		19	17	52	35	35	35	225	80	-
Road transport		18,461	10,398	26,781	13,337	16,988	16,988	22,693	27,360	30,980
Trading services		2,580	1,441	11,217	7,038	6,662	6,662	1,569	1,940	4,183
Electricity		769	177	2,374	3,792	3,392	3,392	1,289	1,860	2,738
Waste management		1,811	1,264	8,843	3,246	3,270	3,270	280	80	1,445
Other		-	4	30	60	60	60	45	40	-
Total Capital Expenditure - Standard	3	25,501	23,690	46,546	52,642	35,434	35,434	33,318	34,432	40,006
Funded by:										
National Government		19,626	18,905	41,010	52,642	33,126	33,126	33,318	34,432	40,006
Provincial Government		84								
District Municipality				47						
Other transfers and grants										
Transfers recognised - capital	4	19,710	18,905	41,056	52,642	33,126	33,126	33,318	34,432	40,006
Public contributions & donations	5									
Borrowing	6	-		5,490		2,308	2,308			
Internally generated funds		5,791	4,785							
Total Capital Funding	7	25,501	23,690	46,546	52,642	35,434	35,434	33,318	34,432	40,006

CHART A5 BUDGETED CAPITAL EXPENDITURE BY STANDARD CLASSIFICATION	
2011/2012 Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
GOVERNANCE AND ADMINISTRATION	3,373
COMMUNITY AND PUBLIC SAFETY	5,413
ECONOMIC AND ENVIRONMENTAL SERVICES	22,918
TRADING SERVICES	1,569
OTHER	45
TOTAL EXPENDITURE	33,318



KZN284 uMlalazi - Table A6 Budgeted Financial Position

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
ASSETS										
Current assets										
Cash		28	26	3,510	28	608	608	614	620	626
Call investment deposits	1	11,165	15,987	15,441	10,720	10,720	10,720	10,827	10,935	11,045
Consumer debtors	1	18,939	21,170	19,790	15,499	11,906	11,906	12,025	12,145	12,267
Other debtors		488	1,067	794	418	418	418	422	426	431
Current portion of long-term receivables		5	23	19	19	19	19	19	19	20
Inventory	2	1,482	1,830	2,009	1,482	2,500	2,500	2,525	2,550	2,576
Total current assets		32,107	40,104	41,563	28,166	26,171	26,171	26,433	26,697	26,964
Non current assets										
Long-term receivables		982	981	958	979	979	979	989	999	1,009
Investments		1	1	1	1	1	1	1	1	1
Investment property		4,834	5,931	6,735	8,821	7,535	9,425	9,425	9,896	10,391
Property, plant and equipment	3	134,402	196,879	241,419	238,224	267,167	267,167	297,924	329,666	366,848
Intangible				23		28	28	28	29	29
Other non-current assets								-	-	-
Total non current assets		140,220	203,792	249,135	248,025	275,710	277,600	308,367	340,591	378,278
TOTAL ASSETS		172,327	243,895	290,698	276,191	301,881	303,771	334,800	367,288	405,242
LIABILITIES										
Current liabilities										
Bank overdraft	1	1,576	2,333	-	2,052	-	-	-	-	-
Borrowing	4	228	79	170	87	343	343	346	350	353
Consumer deposits		778	728	776	820	1,007	1,007	1,017	1,027	1,038
Trade and other payables	4	14,545	23,272	29,132	12,815	12,815	12,815	12,943	13,073	13,203
Provisions		387	537	2,485	600	2,484	2,484	2,509	2,534	2,559
Total current liabilities		17,514	26,949	32,563	16,374	16,649	16,649	16,815	16,984	17,153
Non current liabilities										
Borrowing		79	717	3,755	3,500	6,171	6,171	6,233	6,295	6,358
Provisions		7,870	9,964	14,666	8,428	8,428	8,428	8,512	8,597	8,683
Total non current liabilities		7,949	10,681	18,420	11,928	14,599	14,599	14,745	14,892	15,041
TOTAL LIABILITIES		25,463	37,630	50,983	28,302	31,248	31,248	31,560	31,876	32,195
NET ASSETS	5	146,864	206,265	239,714	247,889	270,633	272,523	303,239	335,412	373,047
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		48,873	125,843	154,593	143,959	166,703	168,593	198,270	229,393	265,968
Reserves	4	97,991	80,422	85,121	103,930	103,930	103,930	104,969	106,019	107,079
Minorities' interests										
TOTAL COMMUNITY WEALTH/EQUITY	5	146,864	206,265	239,714	247,889	270,633	272,523	303,239	335,412	373,047

KZN284 uMlalazi - Table A7 Budgeted Cash Flows

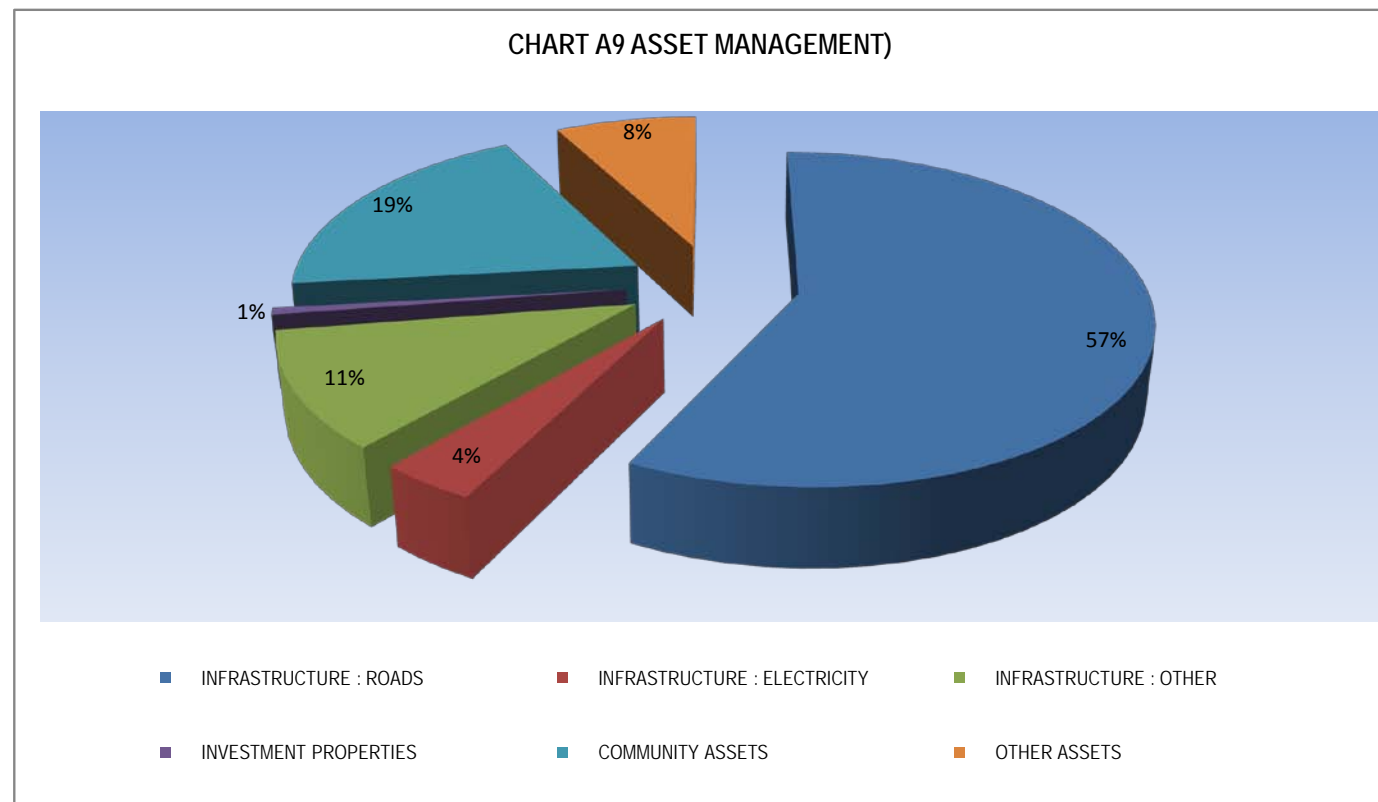
Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		48,821	51,614	125,339	96,199	91,934	91,934		148,942	150,417	152,026
Government - operating	1	37,653	33,846	46,110	53,148	67,114	67,114		75,738	78,792	85,658
Government - capital	1	10,287	18,821	6,373	43,731	9,781	9,781		22,284	26,115	31,314
Interest		1,538	859	896	600	517	517		350	350	350
Payments											
Suppliers and employees		(87,723)	(88,685)	(135,460)	(138,758)	(154,657)	(154,657)		(212,696)	(221,859)	(227,876)
Finance charges		(248)	(90)	(149)	(36)	(353)	(353)		(892)	(854)	(818)
Transfers and Grants	1	(200)	(238)	(270)	(357)	(399)	(399)		(417)	(436)	(455)
NET CASH FROM/(USED) OPERATING ACTIVITIES		10,128	16,127	42,840	54,527	13,937	13,937	-	33,309	32,525	40,199
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			2,730	228	200	200	200		200	200	200
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables									(10)	(10)	(10)
Decrease (increase) in non-current investments											
Payments											
Capital assets		(10,287)	(21,359)	(46,546)		(29,659)	(29,659)		(33,288)	(32,457)	(40,032)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(10,287)	(18,629)	(46,319)	200	(29,459)	(29,459)	-	(33,098)	(32,267)	(39,842)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Borrowing long term/refinancing						2,418	2,418				
Increase (decrease) in consumer deposits		52	4	48	20	231	231		10	10	11
Payments											
Repayment of borrowing		(1,361)	(331)	(79)	(450)	(352)	(352)		(346)	(350)	(353)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,309)	(327)	(31)	(430)	2,297	2,297	-	(336)	(340)	(342)
NET INCREASE/ (DECREASE) IN CASH HELD		(1,468)	(2,829)	(3,510)	54,297	(13,225)	(13,225)	-	(125)	(82)	15
Cash/cash equivalents at the year begin:	2	1,990	522	(2,307)	23,430	3,245	3,245	3,245	422	297	215
Cash/cash equivalents at the year end:	2	522	(2,307)	(5,817)	77,727	(9,980)	(9,980)	3,245	297	215	230

KZN284 uMlalazi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	522	(2,307)	(5,817)	77,727	(9,980)	(9,980)	3,245	297	215	230
Other current investments > 90 days		9,094	15,987	24,769	(69,031)	21,308	21,308	(3,245)	11,144	11,341	11,441
Non current assets - Investments	1	1	1	1	1	1	1	-	1	1	1
Cash and investments available:		9,617	13,681	18,953	8,697	11,329	11,329	-	11,442	11,557	11,672
<u>Application of cash and investments</u>											
Unspent conditional transfers		5,689	7,738	14,111	6,267	5,767	5,767	-	5,825	5,883	5,942
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	(1,526)	6,662	(1,944)	(2,125)	2,195	2,192	-	(3,767)	(2,644)	(1,292)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		4,164	14,400	12,168	4,142	7,962	7,959	-	2,058	3,238	4,650
Surplus(shortfall)		5,454	(719)	6,785	4,555	3,367	3,370	-	9,384	8,318	7,022

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	21,088	21,207	44,683	49,953	32,745	32,745	13,198	16,153	26,484
Infrastructure - Road transport		16,106	8,158	24,905	11,422	14,874	14,874	2,606	6,689	10,600
Infrastructure - Electricity		-	72	1,831	3,210	2,810	2,810	1,149	1,560	2,598
Infrastructure - Other		1,760	1,238	8,334	3,116	3,140	3,140	3,550	5,006	6,734
Infrastructure		17,866	9,469	35,071	17,748	20,824	20,824	7,304	13,254	19,932
Community		2,142	10,657	6,120	27,981	7,374	7,374	3,441	300	3,091
Investment properties		-	-	-	1,890	1,890	1,890	220	-	-
Other assets	6	1,080	1,082	3,491	2,334	2,657	2,657	2,233	2,599	3,461
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	4,413	2,483	1,863	2,689	2,689	2,689	20,120	18,279	13,522
Infrastructure - Road transport		2,265	1,761	1,388	1,375	1,375	1,375	16,533	15,526	12,776
Infrastructure - Electricity		769	105	112	582	582	582	140	100	140
Infrastructure - Other		1,164	256	164	5	5	5	200	80	-
Infrastructure		4,198	2,121	1,664	1,962	1,962	1,962	16,873	15,706	12,916
Community		-	223	-	500	500	500	2,900	2,200	200
Other assets	6	215	139	200	227	227	227	347	373	406
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4									
Infrastructure - Road transport		18,371	9,919	26,294	12,797	16,249	16,249	19,138	22,214	23,376
Infrastructure - Electricity		769	177	1,943	3,792	3,392	3,392	1,289	1,660	2,738
Infrastructure - Other		2,924	1,494	8,498	3,121	3,145	3,145	3,750	5,086	6,734
Infrastructure		22,064	11,590	36,735	19,710	22,786	22,786	24,177	28,960	32,848
Community		2,142	10,880	6,120	28,481	7,874	7,874	6,341	2,500	3,291
Investment properties		-	-	-	1,890	1,890	1,890	220	-	-
Other assets		1,295	1,220	3,691	2,561	2,884	2,884	2,580	2,972	3,867
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	25,501	23,690	46,546	52,642	35,434	35,434	33,318	34,432	40,006
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		18,371	9,919	26,294	12,797	16,249	16,249	19,138	22,214	23,376
Infrastructure - Electricity		769	177	1,943	3,792	3,392	3,392	1,289	1,660	2,738
Infrastructure - Other		2,924	1,494	8,498	3,121	3,145	3,145	3,750	5,086	6,734
Infrastructure		22,064	11,590	36,735	19,710	22,786	22,786	24,177	28,960	32,848
Community		2,142	10,880	6,120	28,481	7,874	7,874	6,341	2,500	3,291
Investment properties		4,834	5,931	6,735	8,821	7,535	9,425	9,896	9,896	10,391
Other assets		1,295	1,220	3,691	2,561	2,884	2,884	2,580	2,972	3,867
Intangibles		-	-	23	-	28	28	28	29	29
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	30,335	29,621	53,304	59,573	41,107	42,997	42,551	44,357	50,426
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	3	4,915	5,603	7,265	5,263	7,276	7,276	8,004	8,804	9,685
<u>Repairs and Maintenance by Asset Class</u>		2,507	6,671	5,097	5,215	5,706	5,757	12,374	10,524	11,923
Infrastructure - Road transport		313	941	1,721	1,794	2,074	2,074	5,003	5,332	5,927
Infrastructure - Electricity		413	638	946	1,016	1,032	1,057	1,205	1,313	1,431
Infrastructure - Other		120	898	573	328	410	429	451	474	497
Infrastructure		846	2,477	3,240	3,138	3,516	3,560	6,659	7,119	7,856
Community		1,312	2,731	1,550	1,570	1,637	1,651	5,060	2,821	3,452
Other assets	6, 7	349	1,464	307	507	553	545	655	585	615
TOTAL EXPENDITURE OTHER ITEMS		7,422	12,274	12,362	10,478	12,982	13,033	20,378	19,329	21,608
Renewal of Existing Assets as % of total capex		17.3%	10.5%	4.0%	5.1%	7.6%	7.6%	60.4%	53.1%	33.8%
Renewal of Existing Assets as % of deprecn"		89.8%	44.3%	25.6%	51.1%	37.0%	37.0%	251.4%	207.6%	139.6%
R&M as a % of PPE		1.9%	3.4%	2.1%	2.2%	2.1%	2.2%	4.2%	3.2%	3.3%
Renewal and R&M as a % of PPE		23.0%	31.0%	13.0%	13.0%	20.0%	20.0%	76.0%	65.0%	50.0%

CHART A9 ASSET MANAGEMENT	
2011/2012 Budget	
DESCRIPTION	BUDGET YEAR 2011/2012 R'000
ASSET REGISTER SUMMARY	
INFRASTRUCTURE : ROADS	19138
INFRASTRUCTURE : ELECTRICITY	1289
INFRASTRUCTURE : OTHER	3750
INVESTMENT PROPERTIES	220
COMMUNITY ASSETS	6341
OTHER ASSETS	2580
TOTAL CAPITAL EXPENDITURE	33318



KZN284 uMlalazi - Table A10 Basic service delivery measurement

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Household service targets (000)</u>	1									
<u>Energy:</u>										
Electricity (at least min.service level)		1,074	991	1,412	1,552	1,552	1,552	1,707	1,878	1,880
Electricity - prepaid (min.service level)		2,496	2,772	3,949	4,340	4,340	4,340	4,115	4,115	4,115
Minimum Service Level and Above sub-total		3,570	3,763	5,361	5,892	5,892	5,892	5,822	5,993	5,995
Other energy sources		412	474	461	583	583	583	584	584	584
Below Minimum Service Level sub-total		412	474	461	583	583	583	584	584	584
Total number of households	5	3,982	4,237	5,822	6,475	6,475	6,475	6,406	6,577	6,579
<u>Refuse:</u>										
Removed at least once a week		2,974	4,042	5,820	6,473	6,473	6,473	929	1,015	1,015
Minimum Service Level and Above sub-total		2,974	4,042	5,820	6,473	6,473	6,473	929	1,015	1,015
Using communal refuse dump		2	2	2	2	2	2			
Below Minimum Service Level sub-total		2	2	2	2	2	2	-	-	-
Total number of households	5	2,976	4,044	5,822	6,475	6,475	6,475	929	1,015	1,015
<u>Households receiving Free Basic Service</u>	7									
Electricity/other energy (50kwh per household per month)								2,404	2,404	2,404
Refuse (removed at least once a week)								929	1,015	1,015
<u>Highest level of free service provided</u>										
Property rates (R value threshold)		50	50	50	50	50	50	50	50	50
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
<u>Revenue cost of free services provided (R'000)</u>	9									
Property rates (R15 000 threshold rebate)		5,888	6,899		4,947	5,304	5,304	672	699	727
Property rates (other exemptions, reductions and rebates)				11,766	6,477	6,986	6,986	8,475	8,774	8,048
Electricity/other energy		353	401	611	972	1,179	1,179	1,065	1,116	1,173
Refuse		318	409	459	559	844	844	1,025	1,257	1,383
Total revenue cost of free services provided (total social package)		6,559	7,709	12,836	12,955	14,313	14,313	11,237	11,846	11,331

5. OVERVIEW OF ANNUAL BUDGET PROCESS

5.1 Process to prepare the budget

The budget and IDP process occurred according to the budget timetable approved by Council in August 2010. The Budget and MTREF was also prepared taking cognizance of the contents of the LG: MFMA, Act No. 56 of 2003, Circular No.54 , Circular NO. 55 and the LG: MFMA Budget Formats Guide received from National Treasury.

5.2 Service Delivery and Budget Implementation Plan

Section 1 of the Local Government: Municipal Finance Management Act (No.56 of 2003) defines the SDBIP as:

- “ a detailed plan approved by the mayor of a municipality in terms of section 53 (1)(c)(ii) for implementing the municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:
 - (a) projections for each month of-
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
 - (b) service delivery targets and performance indicators for each quarter”.

The municipal manager is responsible for the preparation of the SDBIP, which must be legally submitted to the mayor for approval once the budget has been approved by the council (around end-May or early-June). However, the municipal manager should start the process to prepare the top-layer of the SDBIP no later than the tabling of the budget (around March or earlier) and preferably submit a draft SDBIP to the mayor by 1 May (for initial approval). Once the budget is approved by the Council, the municipal manager should merely revise the approved draft SDBIP, and submit for final approval within 14 days after the approval of the budget. The mayor should therefore approve the final SDBIP and performance agreements simultaneously, and then make the SDBIP and performance agreement of the municipal manager public within 14 days, preferably before 1 July. Note that it is only the top layer (of high-level) detail of the SDBIP that is required to be made public.

It is the output and goals made public in the SDBIP that will be used to measure performance on a quarterly basis during the financial year. Note that such in-year monitoring is meant to be a light form of monitoring. The council should reserve its oversight role over performance at the end of the financial year, when the mayor tables the annual report of the municipality. The in-year monitoring is designed to pick up major problems only, and aimed at ensuring that the mayor and municipal manager are taking corrective steps when any unanticipated problems arise. The SDBIP serves a critical role to focus both the administration and council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councilors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as municipal entities, public-private partnerships, service contracts and the like.

The Service Delivery and Budget Implementation Plan (SDBIP) for the 2011/2012 budget year, is included in section 14 of this document.

5.3 Review of Integrated Development Plan (IDP)

Hereunder follows the summary of the IDP process:

TARGET DATE	IDP PROCESS PLAN - OBJECTIVE / ACTION
FIRST QUARTER	
JULY	
20	Preparation of draft Process Plan
AUGUST	
3	Consideration of draft Process Plan by EXCO
SEPTEMBER	
Tbd	UDM Consultation with Sector Department/ Service Providers (Serv Prov & KZ Alignment meetings)
Tbd	UDM Growth and Development Summit / IDP Rep Forum
28	Approval of draft Process Plan by Council
SECOND QUARTER	
OCTOBER	
7	Amakhosi Meeting 1: Presentation and discussion of the IDP Process Plan
15	Combined Ward Committee Meeting 1: Presentation and discussion of the IDP Process Plan (including capacity building)
Tbd	UDM Consultation with Sector Department/ Service Providers (Serv Prov & KZ Alignment meetings)
Tbd	UDM Cross border municipal alignment
1-31	Review Current Reality & Priority Issues, Strategic Content (Goals/Objectives & Development Strategies)
NOVEMBER	
8	Manco Strategic Session: Current Reality, Priority Issues, Strategic Content (Goals/Objectives & Development Strategies)
19	Exco Workshop 1: Current Reality & Priority Issues, Review Vision & Mission, Strategic Content (Goals/Objectives & Development Strategies) Strategic Content (Goals/Objectives & Development Strategies)
24	Local Representative Forum Meeting 1: Current Reality & Priority Issues, Vision & Mission, Strategic Content (Goals/Objectives & Development Strategies)
THIRD QUARTER	
JANUARY	
24	Manco Strategic Session: Projects & Prioritisation, available Resources & 1 st phase OPMS
31	Exco Workshop 2: Projects & Prioritisation, available Resources & 1 st phase of OPMS
FEBRUARY	
14	Manco Strategic Session: Budget Allocation
25	Conclusion of Sector Plans initiated and integration into the IDP Review report.
MARCH	
1	Exco Workshop 3: Budget Allocation
Tbd	UDM KZ Alignment Meeting
1-18	Finalise draft IDP
23	Local Representative Forum Meeting 2: Projects & Prioritisation, Budget Allocation
29	Council to adopt the final draft municipal Budget & IDP and resolve to advertise for public comment.
31	Publish final draft IDP for comment (21 days)
31	Draft IDP submission to DTLGA
FOURTH QUARTER	
APRIL	
tbd	Assessment of Draft IDP by Provincial IDP Forum
6	Combined Ward Committee Meeting 2: : Presentation and Discussion of Draft IDP

TARGET DATE	IDP PROCESS PLAN - OBJECTIVE / ACTION
13	Amakhosi Meeting 2: Presentation and Discussion of Draft IDP
Tbd	UDM IDP Representative Forum meeting 2 - Final draft IDP
15	Local Representative Forum Meeting 3: Presentation and Discussion of Draft IDP
21	Comment period (21 days) ends
MAY	
9-13	uMlalazi Roadshows 2: Presentation and Discussion of Draft IDP
27	Final approval of Budget & IDP by Council - (at least 30 days before start of budget year)
27	Submission of IDP to DTLGA (within 10 days)
JUNE	
30	Publish adopted budget and IDP

5.4 Consultation process

The draft 2011/2012 Budget and MTREF as tabled before Council on 15 March 2011 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Consultation meetings with the community were scheduled as follows:

Venue	Day	Date	Time
Mpushini Park Community Hall (Ward Committees)	Tuesday	22 March 2011	10:00am
King Dinuzulu Community Hall	Sunday	27 March 2011	14:00pm
Mtunzini Community Hall	Monday	28 March 2011	17:30pm
Gingindlovu Community Hall	Wednesday	30 March 2011	17:30pm
Sunnydale Community Hall	Sunday	3 April 2011	14:00pm
Norwood Park Community Hall	Wednesday	6 April 2011	17:30pm
EshoweTown Hall	Thursday	7 April 2011	17:30pm

5.5 Schedule of key deadlines

Hereunder is the schedule of key deadlines that was approved by Council in August 2010, and amended (due to the upcoming Local Government Election in May 2011) on 16 February 2011:

Tasks and Activities	Responsible Body	Effective Date
August 2010 <ul style="list-style-type: none"> Council approval of the 2011/2012 multi year budget process and timetable 	Chief Financial Officer	31 August 2010
September 2010 <ul style="list-style-type: none"> Issuing of 5 Capital Programme to Mayor and Senior Managers for amendments 	Chief Financial Officer	06 September 2010
<ul style="list-style-type: none"> Workshop with Senior Management in order to review the prioritization model to be used to compile the capital budget 	Chief Financial Officer	06 September 2010
<ul style="list-style-type: none"> Budget requests from Councillors/ward committees, fully supported within the IDP document, be submitted to the Municipal Manager in order for the relevant Senior Manager to determine the financial and operational impacts of such requests. 	Deputy MM/Councillors/Relevant Senior Managers	30 September 2010

October 2010 <ul style="list-style-type: none"> Issuing of blank Operating Budget to Mayor and Senior Managers to be used as working documents Issuing of the 2011//2012 multi year guideline addressing various budget assumptions, internal budget processes, policies etc. Public information meetings(divided into the established clusters), reviewing and strategizing the current Integrated Development Plan Obtain allocations to municipalities from National and Provincial Governments in terms of the Draft Division of Revenue Bill Submission of the Draft 5 year Capital Programme according to the council's strategic objectives, as set out in the integrated Development Plan. 	Chief Financial Officer	04 October 2010
	Chief Financial Officer	04 October 2010
	Deputy MM	During October
	Chief Financial Officer	29 October 2010
	Senior Managers	29 October 2010
November 2010 <ul style="list-style-type: none"> Discussions with Senior Managers/Managers on the Draft Capital projects for the 2011/2012 Multi year budget Information sharing meeting/session with all sector departments and neighboring local municipalities to ensure that synergy occurs on all levels between the various local IDP documents and to align with the IDP review document of the District Municipality to achieve more support on the regional scale Submission of the public participation report to the Municipal Manager Submission of the Draft Operating estimates for the 2011/2011 multi year budget, analyzed according to Activities aligned to the Council's strategic objectives, as set out in the Integrated Development Plan. 	Chief Financial Officer	08 November 2010
	Deputy MM	18 November 2010
	Deputy MM	19 November 2010
	Senior Managers	30 November 2010
December 2010 <ul style="list-style-type: none"> Perform mid year financial review on the current year's (2010/2011) budget and revised estimates to submit as Adjustment budget to Council if considered necessary. Alignment of the Draft Capital estimates to the IDP. 	Senior Managers	15 December 2010
	Senior Managers	15 December 2010
January 2011 <ul style="list-style-type: none"> Discussions with Senior Managers on the Draft Operating estimates for the 2011/2012 multi year budget Alignment of the Draft Operating estimates to IDP Submit adjustment budget, mid year budget and performance assessment report to Council Submit to National and Provincial Treasury in both printed and electronic form the adjustment budget, mid year budget and performance assessment within 10 working days of council meeting. Make public the adjustment budget, mid budget and performance assessment report by placing it on municipal website. 	Chief Financial Officer	17 January 2011
	Senior Managers	17 January 2011
	Municipal Manager/ Chief Financial Officer	25 January 2011
	Municipal Manager	31 January 2011
	Municipal Manager	31 January 2011

February 2011 <ul style="list-style-type: none"> Discussions with Senior managers on the Draft Capital and Operating estimates for the 2011/2012 Multi year budget Discussions with Senior managers on the Draft Service Delivery and Budget Implementation Plan for the 2011/2012 budget year 	Chief Financial Officer	14 February 2011
	Chief Financial Officer	15-18 February 2011
March 2011 <ul style="list-style-type: none"> Submit Draft 2011/2012 Multi Year budget, Draft IDP and Draft Service Delivery and Budget Implementation Plan to Council. Make public the tabled draft budget and supporting documentation within 10 working after being approved by Council. Tabled Draft 2011/2012 Multi year budget , Draft IDP and Draft Service Delivery and Budget Implementation Plan in both printed and electronic format to National and Provincial Treasury within 10 working days after being approved by Council. Ward committee meeting highlights involvement of members in the budget public participation process. Undertake a 3 week community consultation process of the budget. 	Chief Financial Officer	15 March 2011
	Municipal Manager	15 March 2011
	Municipal Manager	18 March 2011
	Deputy MM	22 March 2011
	Mayor/MM and Senior Managers	During March and 1 April 2011
April 2011 <ul style="list-style-type: none"> Revision of the budget and IDP from inputs received from the community, Government departments and National Treasury 	Chief Financial Officer	11 April 2011
May 2011 <ul style="list-style-type: none"> Revised budget, IDP and Service Delivery and Budget Implementation Plan, incorporating community inputs, tabled at Council for approval. Make public the approval budget and supporting documentation within 10 working days after being approved by Council, by placing it on the municipal website. Publish approved budget and tariffs. For the 2011/2012 budget year. Approved 2011/2012 multi year budget, IDP and Service Delivery Budget Implementation Plan both printed and electronic format to National and Provincial Treasury within 10 working days after being approved by Council. 	Mayor	05 May 2011
	Municipal Manager	06 May 2011
	Corporate Services	06 May 2011
	Municipal Manager	13 May 2011
June 2011 <ul style="list-style-type: none"> Council approved of the 2012/2013 Multi year budget process and timetable 	Chief Financial Officer	28 June 2011

6. Overview of alignment of annual budget with Integrated Development Plan

6.1 Details of proposed amendments to the IDP. Hereunder follows the amendments on the draft implementation plan:

The Implementation Plan is based on the Municipal Key Performance Areas, Development Goals, Development Strategies and Objectives. The plan contains Key Performance Indicators (KPIs) for each Development Objective, a Budget Estimate to meet the meet the KPI, as well as the Target Date by which the KPI must be met.

NOTE: Please note that Development Objectives, with the exception of Development Objectives A.2.2.1, A.2.2.2, B.3.1.3, B.8.1.2, C.1.1.1 and C.1.1.2 (see highlighted in grey in the table below), have annual Target Dates of 30 June 2012. These Development Objectives and the actions emanating from the Objectives are annually repeated, i.e. ongoing, but measured on an annual basis.

The Development Objectives which are not annually repeated and which have a specified and final target date, are Development Objectives A.2.2.1, A.2.2.2, B.3.1.3, B.8.1.2, C.1.1.1 and C.1.1.2, which are highlighted in grey in the table below.

	Development Strategies	IDP Ref	Development Objectives	Performance Measure	Budget	Target Date
A	Key Performance Area 1: Municipal Transformation and Organisational Development					
	Development Goals					
	To facilitate the process towards achieving a development-orientated municipality					
	To build capacity among officials and councilors to lead and manage development throughout the Municipality					
	Development Strategies	IDP Ref	Development Objectives	Performance Measure	Budget	Target Date
	Human Resources Management					
A.1						
A.1.1	To develop staff and councilor skills to ensure effective service delivery	A.1.1.1	Continuously identify staff and councilor training needs	No. of courses provided	600 000	30/06/2012
		A.1.1.2	Implementation of the Workplace Skills Plan	% implemented	internal	30/06/2012
A.1.2	To improve productive and accountable staff	A.1.2.1	Implement HR Strategy	No. of black staff	internal	30/06/2012
				No. of women		
				No. of youth		
				No. of Disabled Staff		
A.2	Integrated Development Plan					
A.2.1	To ensure that the Municipality is striving to meet it's Vision through the preparation / review and implementation of it's Integrated Development Plan	A.2.1.1	Review of the Municipality's IDP	Approved IDP Review	100 000	30/06/2012
A.2.2	To ensure the appropriate and effective use of land through spatial planning initiatives and the implementation thereof	A.2.2.1	Prepare and implement 2 nd Phase of LUMS focusing on all areas of the Municipality outside of the formal town areas of Eshowe, Gingindlovu and Mtunzini	Phase 2 of LUMS approved	No Funds	30/06/2013
		A.2.2.2	Prepare Nodal Framework Plans for all Nodes, as identified in the revised SDF	Completed Plans	No Funds	30/06/2014
A.2.3	Ensure the sustainability and protection of the Municipality's Natural Resources	A.2.3.1	Ongoing liaison with UDM and Coastal Management Working Group	No. of meetings attended	internal	30/06/2012
A.4	Performance Management Systems					
A.4.1	To ensure that Organisational Structure of the Municipality is fully aligned with the	A.4.1.1	Amend and align the Municipal Organisational Performance Management Structure with the IDP	Approved OPMS	internal	30/06/2012

	Development Strategies	IDP Ref	Development Objectives	Performance Measure	Budget	Target Date
	Municipality's developmental mandate	A.4.1.2	Ensure that Perfomance Agreements have been signed with the S57 Managers	No. of S57 Agreements	internal	30/06/2012
		A.4.1.3	Prepare and submit Section 72 Mid-year Organisation Performance Report	Approved S72 Performance Report	internal	31/01/2012
		A.4.1.4	Prepare and submit Annual Performance Report	Approved Annual Performance Report	internal	30/06/2012
		A.4.1.5	Ensure that quarterly performance evaluation of S57 managers are conducted	Quarterly agenda and minutes	internal	30/06/2012
B	Key Performance Area 2: Basic Service Delivery					
	Development Goal					
	To facilitate the delivery of basic services, namely water, sanitation and electricity as a 1 st priority					
	To facilitate the delivery of all other required infrastructure and services, such as access roads, telephones, postal services, clinics, schools, community halls, sport fields and facilities, pension payout points, police stations, housing, etc. in a sustainable manner					
	Development Strategies	IDP Ref	Development Objectives	Performance Measure	Budget	Target Date
B.1	Access to Water					
B.1.1	To ensure the provision, upgrading and maintenance of Water Infrastructure and Services to address Backlogs - UDM FUNCTION	B.1.1.1	To consult with UDM so that water needs are catered for in the UDM (WSDP)	No. of Alignment Meetings attended	internal	30/06/2012
B.2	Access to Sanitation					
B.2.1	To ensure the provision, upgrading and maintenance of Sanitation Infrastructure and Services to address Backlogs - UDM FUNCTION	B.2.1.1	To consult with UDM so that sanitation needs are catered for in the UDM (WSDP)	No. of Alignment Meetings attended	internal	30/06/2012
B.3	Access to Electricity					
B.3.1	To ensure the provision, upgrading and maintenance of Sanitation Infrastructure and Services to address Backlogs - ESKOM FUNCTION	B.3.1.1	To consult with ESKOM and UDM, so that uMlalazi's residents receive free basic electricity, and that the UDM Energy Sector Plan as it relates to uMlalazi, is implemented	No. of Alignment Meetings attended with (1) ESKOM and (2) UDM	internal	30/06/2012
		B.3.1.2	Provide Free Basic Electricity to indigent households	No. of households	1 064 000	30/06/2012
		B.3.1.3	Prepare Renewable Energy Strategy	Approved Renewable Energy Strategy	internal	30/06/2012
B.4	Access to Solid Waste					
B.4.1	To ensure the provision, upgrading and maintenance of Solid Waste Infrastructure and Services to address Backlogs	B.4.1.1	Provide full waste collection and disposal service to all formal urban areas within the uMlalazi Municipal area	No. of households with access to free solid waste disposal services	1 024 000	30/06/2012
				No. of households with access to waste disposal services		30/06/2012
B.5	Access to Roads					
B.5.1	To ensure that all communities have good accessibility to places of employment,	B.5.1.1	Implement Municipal Roads Programme	kms of new tarred roads	5 450 000	30/06/2012
				kms of new gravel roads		30/06/2012

	Development Strategies	IDP Ref	Development Objectives	Performance Measure	Budget	Target Date
	entertainment and residences, particularly to Nodal Areas			kms of roads maintained		30/06/2012
B.6	Community and Public Facilities					
B.6.1	To ensure the provision of sustainable community facilities	B.6.1.1	Provision of community facilities in areas of needs as identified in the IDP	No. of new facilities provided	3 300 000	30/06/2012
				No. of upgraded facilities provided		30/06/2012
B.7	Human Settlements					
B.7.1	To ensure the provision of sustainable, affordable and suitably-located housing development	B.7.1.1	Implement the uMlalazi Housing Sector Plan in conjunction with the Department of Housing [subject to subsidy allocation (funding) from DOH to achieve this]	No. of new houses constructed	internal	30/06/2012
B.8	Managing Health Issues					
B.8.1	To ensure the provision of sustainable, affordable and suitably-located health care facilities	B.8.1.1	Constant liaison with the Department of Health to ensure to ensure an acceptable level of primary health care in the Municipal Area	No. of Alignment Meetings attended	internal	30/06/2012
		B.8.1.2	Establish local Aids Council	Local Aids Council Established	internal	30/06/2012
B.9	Protection Services					
B.9.1	To Improve Road Safety and Traffic Management	B.9.1.1	Ensure effective law enforcement	R value of fines issued	internal	30/06/2012
B.9.2	To Manage Learner/Driver Licences and Motor Vehicle Licensing and Testing Service	B.9.2.1	Ensure learners/drivers licensing testing	Number of bookings	internal	30/06/2012
		B.9.2.2	Ensure motor vehicle registration and licensing	R value	internal	30/06/2012
		B.9.2.3	Ensure motor vehicle examination	Number of vehicles	internal	30/06/2012
C	Key Performance Area 3: Local Economic Development					
	Development Goal					
	To promote socio-economic development and provide support to assist communities throughout the Municipality to cope with the combined impact of poverty and HIV/AIDS; and					
	To strengthen the local economy with particular emphasis on tourism, agriculture, commercial and light industrial development.					
	To ensure that an enabling environment for development in the Municipality is created;					
	To ensure the sustainable use of land and the natural environment					
	Development StrategiesIDP RefDevelopment ObjectivesPerformance MeasureBudgetTarget Date					
C.1	Economic Growth					
C.1.1	To facilitate economic growth and development within the municipal area	C.1.1.1	Establish LED Unit and Supporting Structures	LED Established	3 700 000	30/06/2012
		C.1.1.2	Establish LED Support Fund	LED Support Fund Established		30/06/2012
		C.1.1.3	Implement LED Projects	% expendenditure on budgeted LED projects		30/06/2012
		C.1.1.4	Promote & Support SMME Development	% expendenditure on budgeted SMME development		30/06/2012
				No. of Jobs created		30/06/2012
C.2	Poverty Alleviation					

	Development Strategies	IDP Ref	Development Objectives	Performance Measure	Budget	Target Date
C.2.1	To ensure that indigent households are economically and socially assisted	C.2.1.1	OBTAIN Special projects details from Man: Eng Services, Man: Protec Services; Man: Community Ser, DMM <i>To be included in final IDP Review 2011/2012</i>			
C.3	Development of Prioritised Groups					
C.3.1	To cater for the economic and social development needs of youth, women, the disabled and the aged members of communities	C.3.1.1	Undertake targeted Capacity Building Initiatives	No. of initiatives undertaken	internal	30/06/2012
D	Key Performance Area 4: Good Governance and Public Participation					
	Development Goal					
	To ensure that the developmental mandate of the municipality is understood by all the municipality's residents, role players and stakeholders; and					
	To ensure that the Municipality, as an organization, operates effectively and efficiently in a transparent manner					
	Development Strategies	IDP Ref	Development Objectives	Performance Measure	Budget	Target Date
D.1	Community Awareness					
D.1.1	To facilitate community development and involvement in all aspects of local governance	D.1.1.1	Involve Ward Committees in the IDP processes	No. of Ward Committee Meetings held	112 000	30/06/2012
		D.1.1.2	Conduct IDP Road Shows	No. of Roadshows conducted	internal	30/06/2012
D.2	Public Participation					
D.2.1	To promote active participation of the public in the Municipal IDP Processes	D.2.1.1	Conduct IDP Representative Forum Meetings	No. of Rep Forum Meetings held	internal	30/06/2012
D.3	Stakeholder Liaison					
D.3.1	To promote active participation of all stakeholders in the Municipal IDP Processes	D.3.1.1	Conduct IDP Stakeholder Meetings	No. of Stakeholder Meetings held	internal	30/06/2012
D.4	Policy Development					
D.4.1	To ensure that the Municipality complies with all legal prescripts	D.4.1.1	Keep abreast of new policies and continuously review existing policies	% compliance	internal	30/06/2012
D.5	Internal Auditing Function					
D.5.1	To ensure the effective and efficient functioning of internal audit processes in the Municipality	D.5.1.1	Ensure that the Financial Audit Committee is functional	No. of Financial Audit Committee in place	660 000	30/06/2012
		D.5.1.2	Ensure that the Performance Audit Committee is functional	No. of Performance Audit Committee meetings	internal	30/06/2012
D.6	Risk Management Strategy					
D.6.1	To ensure that the Municipal Organisation is corruption and fraud free	D.6.1.1	Implement an Anti Corruption Strategy / Fraud Prevention Plan	<i>To be indicated in final IDP Review 2011/2012</i>	internal	30/06/2012
		D.6.1.2	Identify all risk areas in accordance with Council's Risk Assessment Plan	Quarterly progress report	internal	30/06/2012
E	Key Performance Area 5: Municipal Financial Viability and Management					
	Development Goal					

	Development Strategies	IDP Ref	Development Objectives	Performance Measure	Budget	Target Date
	To ensure sound Financial Management that will ensure alignment with the Municipality's IDP, in order to ensure efficient, effective and sustainable development					
	Development Strategies	IDP Ref	Development Objectives	Performance Management	Budget	Target Date
E.1	Revenue Enhancement					
E.1.1	Ensure the Municipal Revenue Streams are optimised	E.1.1.1	Ensure effective and efficient cash collection from customers	R value of revenue collected	internal	30/06/2012
		E.1.1.2	Ensure effective and efficient invoicing / billing of customers	R value of invoices raised	internal	30/06/2012
E.2	Financial Management					
E.2.1	Ensure effective and efficient Municipal Financial Management	E.2.1.1	Revise Financial Plan	Approved revised Financial Plan	internal	30/06/2012
		E.2.1.2	Ensure that the Budget (capital and operational) is aligned to the IDP (link to the preparation of Financial Plan, the Service Delivery Budget Implementation Plan (SDBIP) and the Integrated Capital Investment Plan)	% Alignment Achieved	internal	30/06/2012
		E.2.1.3	Review Integrated Capital Investment Plan (i.t.o. Capital Investment Policy)	Approved revised Integrated Capital Investment Plan	internal	30/06/2012
		E.2.1.4	Ensure effective and efficient Municipal Financial Management	R value of debt service payments	internal	30/06/2012
				R value of total revenue received from grants and subsidies		30/06/2012
				% of total grants and subsidies spent		30/06/2012
		E.2.1.5	Unbundle Municipal Assets	% of Municipal Assets Unbundled	internal	30/06/2012
		E.2.1.6	Ensure maintenance of valuation roll	Number of objections/appeals	internal	30/06/2012
		E.2.1.7	Maintain the fixed asset register of the uMlalazi municipality	Annual Review report	internal	30/06/2012
E.3	Budgeting and Reporting					
E.3.1	Ensure effective and efficient Municipal budgeting and reporting mechanisms, precedures and processes	E.3.1.1	Ensure effective and efficient Municipal budgeting and reporting mechanisms, procedures and processes	R value of total operating budget	internal	30/06/2012
				R value of total salaries and wages		30/06/2012
				Approved Oversight Report		30/06/2012
				% compliance with MFMA requirements		30/06/2012
E.4	Expenditure Control					
E.4.1	Ensure effective and efficient Municipal Expenditure Control	E.4.1.1	Ensure effective and efficient Municipal Expenditure Control	R value of total operating expenditure	internal	30/06/2012
				Approved SCM Policy		30/06/2012

6.2 Breakdown of Operating Expenditure and Draft Capital Expenditure aligned to the IDP

6.2.1 Operating Expenditure

Details	Budget 2011/2012	Budget 2011/2012	Budget 2011/2012
Rural Community Halls	500 000	500 000	500 000
Youth Development	400 000	500 000	500 000
Rural Education (Crèches)	300 000	300 000	300 000
Local Economic Development (LED)	3 726 330	4 500 000	5 800 000
Poverty Alleviation	1 500 000	3 200 000	4 000 000
Sport Development	400 000	500 000	500 000
HIV Relief	500 000	600 000	600 000
Work Creation Projects	1 292 000	3 500 000	3 822 880
Rural Roads and Causeways	2 900 000	4 650 000	4 800 000
Rehabilitation of Urban Roads	2 550 000	4 650 000	4 800 000
Increase In Eskom Supply	4 000 000	4 000 000	3 453 930

6.2.2 Capital Expenditure

Hereunder follows a breakdown of the capital expenditure aligned to the goals and action plans of the IDP:

MIG Allocations for 2011/2012 Financial Year

<u>Description of Projects</u>	<u>Amount</u>
<u>NEW PROJECTS</u>	
<u>TESTING STATION</u>	
Eshowe Testing Station Extension (Industrial Area) (Ward 11)	R 300,000-00
<u>CRECHES</u>	
Imbalenhle Creché (Ward 8)	R 720,000-00
Simoyi Creché (Ward 8)	R 592,977-00
<u>CAUSEWAYS</u>	
Mbongolweni/mthombe Causeway & Road	R 275,625-00
Nhlanzanyoni Causeway (Ward 7)	R 950,000-00
<u>ROADS</u>	
Matshemhlophe Road (Ward 4)	R 200,000-00
Kangela Road Eshowe (Ward 11)	R 5,000,000-00
Internal Roads Upgrade of KDS Human Settlement (Ward 12)	R 3,500,000-00
Internal Roads Upgrade of Sunnysdale Human Settlement (Ward 11)	R 5,071 898-00
Butcher Street Roads (Ward 11)	R 1,990,696-00
Ohhahheni Road (Ward 22)	R 200,000-00
Retentions	R 980,000-00
<u>SPORTFIELDS</u>	
Hhayinyana Sportsfield (Ward 6)	R 928,760-00
Hlohloko Sportsfield (Ward 9)	R 899,232-00
<u>Total New Projects</u>	<u>R21,609,188-00</u>
<u>Total MIG Projects for 2011/2012 Financial Year</u>	<u>R21, 609,188-00</u>

7. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

7.1 Hereunder follows the key financial indicators dealing with borrowing management, safety of capital, liquidity, revenue and creditor management

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Borrowing Management</u>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	0.0%	0.3%	1.3%	1.3%	2.0%	2.0%	0.0%	1.9%	1.7%	1.6%
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.5%	0.3%	0.2%	0.3%	0.6%	0.5%	0.0%	0.7%	0.6%	0.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	104.8%	104.8%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	17.3%	18.2%	21.3%	11.4%	11.5%	11.5%	0.0%	10.4%	9.5%	8.6%
Gearing	Long Term Borrowing/ Funds & Reserves	0.1%	0.9%	4.4%	3.4%	5.9%	5.9%	0.0%	5.9%	5.9%	5.9%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.8	1.5	1.3	1.7	1.6	1.6	–	1.6	1.6	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.8	1.5	1.3	1.7	1.6	1.6	–	1.6	1.6	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.6	0.6	0.7	0.7	0.7	–	0.7	0.7	0.7
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		90.5%	76.5%	155.1%	155.1%	155.1%	155.1%	94.2%	138.7%	126.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	22.3%	21.0%	16.9%	11.0%	8.4%	8.3%	0.0%	7.5%	6.9%	6.3%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Funding of Provisions</u>											
Provisions not funded - %	Unfunded Provns./Total Provisions	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	3.6%	4.7%	2.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.5%	33.1%	34.8%	33.7%	33.8%	32.2%	0.0%	31.2%	30.4%	29.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	45.3%	42.0%	43.1%	41.1%	40.5%	39.0%		37.8%	36.8%	35.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.5%	5.1%	5.8%	3.4%	4.9%	4.8%	0.0%	5.0%	4.9%	4.8%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	48.3	70.5	77.4	113.4	113.4	113.4	–	154.2	170.5	189.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	41.7%	38.8%	28.8%	18.6%	14.1%	14.1%	0.0%	12.9%	11.6%	10.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.1	(0.4)	(0.8)	9.1	(1.2)	(1.2)	–	0.0	0.0	0.0

7.2 Hereunder follows the financial indicators for revenue by source and expenditure by type

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source																
Property rates		3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	38,920	40,442	42,059
Property rates - penalties & collection charges		93	93	93	93	93	93	93	93	93	93	93	93	1,116	1,049	997
Service charges - electricity revenue		4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	48,171	56,896	67,043
Service charges - refuse revenue		597	597	597	597	597	597	597	597	597	597	597	597	7,165	8,399	9,238
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		111	111	111	111	111	111	111	111	111	111	111	111	1,335	1,412	1,494
Interest earned - external investments		29	29	29	29	29	29	29	29	29	29	29	29	350	350	350
Fines		325	325	325	325	325	325	325	325	325	325	325	325	3,904	4,100	4,306
Licences and permits		255	255	255	255	255	255	255	255	255	255	255	255	3,060	3,212	3,373
Transfers recognised - operational		5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	70,778	76,664	85,530
Other revenue		312	312	312	312	312	312	312	312	312	312	312	312	3,738	3,832	3,955
Gains on disposal of PPE		17	17	17	17	17	17	17	17	17	17	17	17	200	200	200
Total Revenue (excluding capital transfers and contributions)		14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	178,736	196,555	218,546
Expenditure By Type																
Employee related costs		4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	55,755	59,841	64,141
Remuneration of councillors		983	983	983	983	983	983	983	983	983	983	983	983	11,798	12,506	13,256
Depreciation & asset impairment		667	667	667	667	667	667	667	667	667	667	667	667	8,004	8,804	9,685
Finance charges		74	74	74	74	74	74	74	74	74	74	74	74	892	854	818
Bulk purchases		2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	26,231	33,024	41,280
Contracted services		1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	15,204	15,448	16,017
Transfers and grants		36	36	36	36	36	36	36	36	36	36	36	36	437	461	485
Other expenditure		5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	60,245	65,584	72,791
Total Expenditure		14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	178,565	196,522	218,474
Surplus/(Deficit)		14	14	14	14	14	14	14	14	14	14	14	14	171	33	72
Transfers recognised - capital														-	-	-
Contributions recognised - capital														-	-	-
Contributed assets														-	-	-
Surplus/(Deficit) after capital transfers & contributions		14	14	14	14	14	14	14	14	14	14	14	14	171	33	72
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	14	14	14	14	14	14	14	14	14	14	14	14	171	33	72

7.3 Hereunder follows the measurable performance objectives for revenue and operating expenditure by vote

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue by Vote																
Vote1 - EXECUTIVE AND COUNCIL		6,539	6,539	6,539	6,539	6,539	6,539	6,539	6,539	6,539	6,539	6,539	6,539	78,472	84,101	87,370
Vote2 - BUDGET AND TREASURY OFFICE		217	217	217	217	217	217	217	217	217	217	217	217	2,607	2,593	2,793
Vote3 - CORPORATE SERVICES		225	225	225	225	225	225	225	225	225	225	225	225	2,701	2,171	2,896
Vote4 - PLANNING AND DEVELOPMENT		123	123	123	123	123	123	123	123	123	123	123	123	1,481	1,118	1,345
Vote5 - HEALTH		500	500	500	500	500	500	500	500	500	500	500	500	5,996	6,820	7,057
Vote6 - COMMUNITY AND SOCIAL SERVICES		152	152	152	152	152	152	152	152	152	152	152	152	1,825	1,918	3,449
Vote7 - HOUSING		180	180	180	180	180	180	180	180	180	180	180	180	2,160	4,367	8,575
Vote8 - PUBLIC SAFETY		453	453	453	453	453	453	453	453	453	453	453	453	5,430	5,979	6,017
Vote9 - SPORTS AND RECREATION		383	383	383	383	383	383	383	383	383	383	383	383	4,599	4,080	4,524
Vote10 - WASTE MANAGEMENT		821	821	821	821	821	821	821	821	821	821	821	821	9,853	10,736	11,365
Vote11 - ROAD TRANSPORT		825	825	825	825	825	825	825	825	825	825	825	825	9,899	10,160	10,961
Vote12 - ELECTRICITY		4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	53,714	62,513	72,193
Vote13 - AIR TRANSPORT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote14 - WORKSHOP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	178,736	196,555	218,546
Expenditure by Vote to be appropriated																
Vote1 - EXECUTIVE AND COUNCIL		4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	50,186	54,636	57,350
Vote2 - BUDGET AND TREASURY OFFICE		686	686	686	686	686	686	686	686	686	686	686	686	8,231	8,732	9,471
Vote3 - CORPORATE SERVICES		685	685	685	685	685	685	685	685	685	685	685	685	8,215	8,067	9,205
Vote4 - PLANNING AND DEVELOPMENT		252	252	252	252	252	252	252	252	252	252	252	252	3,025	2,756	3,086
Vote5 - HEALTH		671	671	671	671	671	671	671	671	671	671	671	671	8,049	9,026	9,465
Vote6 - COMMUNITY AND SOCIAL SERVICES		210	210	210	210	210	210	210	210	210	210	210	210	2,514	2,494	2,680
Vote7 - HOUSING		179	179	179	179	179	179	179	179	179	179	179	179	2,144	4,347	8,550
Vote8 - PUBLIC SAFETY		1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	14,861	16,130	16,648
Vote9 - SPORTS AND RECREATION		870	870	870	870	870	870	870	870	870	870	870	870	10,443	10,352	11,332
Vote10 - WASTE MANAGEMENT		990	990	990	990	990	990	990	990	990	990	990	990	11,881	12,841	13,737
Vote11 - ROAD TRANSPORT		1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	14,183	14,678	15,764
Vote12 - ELECTRICITY		3,691	3,691	3,691	3,691	3,691	3,691	3,691	3,691	3,691	3,691	3,691	3,691	44,294	51,993	60,680
Vote13 - AIR TRANSPORT		1	1	1	1	1	1	1	1	1	1	1	1	11	12	12
Vote14 - WORKSHOP		44	44	44	44	44	44	44	44	44	44	44	44	528	459	494
Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	178,565	196,522	218,474
Surplus/(Deficit) before assoc.		14	14	14	14	14	14	14	14	14	14	14	14	171	33	72
Surplus/(Deficit)	1	14	14	14	14	14	14	14	14	14	14	14	14	171	33	72

7.4 Hereunder follows the measurable performance objectives for capital by vote

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand																
Multi-year expenditure to be appropriated	1															
Vote1 - EXECUTIVE AND COUNCIL		-	-	-	22	-	52	-	-	5	-	-	-	79	74	406
Vote2 - BUDGET AND TREASURY OFFICE		-	70	56	70	67	84	-	70	125	67	-	-	609	373	411
Vote3 - CORPORATE SERVICES		-	-	895	600	695	75	-	-	300	100	-	20	2,685	2,940	1,880
Vote4 - PLANNING AND DEVELOPMENT		-	-	-	-	75	-	-	-	-	150	-	-	225	80	-
Vote5 - HEALTH		-	-	-	50	12	-	59	-	-	-	-	-	120	50	-
Vote6 - COMMUNITY AND SOCIAL SERVICES		-	50	-	240	240	240	348	358	198	-	-	(0)	1,673	355	370
Vote7 - HOUSING		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote8 - PUBLIC SAFETY		17	250	-	20	25	-	-	250	330	-	-	-	892	580	935
Vote9 - SPORTS AND RECREATION		-	70	780	205	380	380	380	380	155	-	-	0	2,728	640	841
Vote10 - WASTE MANAGEMENT		-	200	-	30	50	-	-	-	-	-	-	-	280	80	1,445
Vote11 - ROAD TRANSPORT		476	2,369	4,233	4,283	3,237	2,987	486	3,636	386	406	98	98	22,693	27,360	30,980
Vote12 - ELECTRICITY		660	-	125	50	-	40	-	-	276	138	-	-	1,289	1,860	2,738
Vote13 - AIR TRANSPORT		-	-	0	0	0	0	0	0	0	0	0	(0)	-	-	-
Vote14 - WORKSHOP		-	-	-	45	-	-	-	-	-	-	-	-	45	40	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	1,153	3,009	6,089	5,615	4,780	3,858	1,272	4,693	1,774	860	98	118	33,318	34,432	40,006
Total Capital Expenditure	2	1,153	3,009	6,089	5,615	4,780	3,858	1,272	4,693	1,774	860	98	118	33,318	34,432	40,006

8. OVERVIEW OF BUDGET – RELATED POLICIES

8.1 This section gives a broad overview of the budget policy framework and highlights the amended policies to be approved by Council Resolution.

NAME OF POLICY	LAST DATE OF APPROVAL	NEW ADOPTION DATE	STATUS
Credit Control & Debt Collection Policy	30/05/2001 (Special Exco 252/00/01)	25/05/2010	Amended
Tariff Policy	01/06/2007 (Exco 01/06/07)		Reviewed
Property Rates Policy	05/09/2005 (Exco 95/05/00)	25/05/2010	Amended
Investment Policy	07/11/2005 (Exco 157/05/06)		Reviewed
Risk Management Policy	07/07/2008 (Exco 18/5/09)		Reviewed
Indigent Support Policy	01/03/2004 (Exco 337/05/04)	25/05/2010	Amended
Supply Chain Management Policy	03/12/2008 (Exco 208/08/09)	02/02/2010	Reviewed
Virement Policy	Min.no UMC 41/09/10	25/05/2010	Reviewed

The above mentioned policies can be reviewed on the Council's official website, and can also be obtained on request from the Council's offices.

8.2 The following amendments of the policies are tabled for consideration:

8.2.1 *Credit Control and debt collection policy*

SECTION B: GENERAL RATES DEBTORS

1.4 Interest on arrears

Add the following sentence:

" Interest cease to accrue when the unpaid interest equals the outstanding capital, in terms of Common Law in duplum rule."

SECTION C: CONSUMER DEBTORS (ELECTRICITY AND REFUSE)

4. Arrangements

Accounts handed over to the attorney's the following clause currently reads as follows:

" Consumers whose accounts are currently handed over to an attorney are not allowed to accumulate any news arrears nor ask for any extension or arrangement on his current account. That all normal accounts of which a portion are handed over for the recovery by an attorney, be blocked on the syatem for further extension/arrangements."

To be replaced by:

"Consumers whose accounts are currently handed over to an attorney, are not allowed to accumulate any new arrears, but may ask for extension or arrangement on their current account."

5. Termination of services

Add the following:

- 5.5 For the purposes of this policy, a debtor that appears three times or more on the cut off list in a financial year is classified as a risk debtor.
- 5.6 When a pre paid electricity consumer is blocked for being in arrears on other services (which includes property rates), for three times or more in a financial year, the consumer will be requested to pay a security deposit, which is determined from time to time.

6. Unauthorized Consumption and Theft damages

6.1 Electricity

Add the following:

- (v) Council will reward "whistle blowers" who report the tampering of meters and reconnection of disconnected/restricted meters as follows:
 - A reward of 50% of the fine issued in respect of electricity installations be paid only in instances where the culprit has paid the fine in full or where the culprit has been found guilty.
 - The community must be informed of such rewards by means of notices and at all pay points and other notice boards of Council

8.2.2 Rates Policy

8.2.2.1 CHAPTER 2-LEVYING OF RATES

CLAUSE 8 (IMPOSITION OF RATES)

Add the following:

- (c) For the purposes of levying rates part of the month is deemed the full month.
- (d) The general rates effective levying date is as follows:
 - Any property within the municipal boundaries shall have the date of registrations an effective date, and
 - A newly developed property shall have completion and or occupation date as an effective date whichever is the earlist.

Clause 9 (exemptions and rebates from rates)

The following clause currently reads as follows:

- "9.1.3 (f) **State-owned property**
- State-owned properties: residential 0%
 - State-owned properties: public service infrastructure 30%
 - State-owned properties: other 0%

To be replaced by:

- 9.1.3 (f) **State-owned property**
- State-owned properties: residential 20%
 - State-owned properties: other 20%

The following clause currently reads as follows:

- 9.1.3 (i) **Formal and informal settlements**
- Formal and informal settlements: all properties with a rateable value of up to R50 000.00 100%

To be replaced by:

- 9.1.3 (i) **Formal and informal settlements**
- All residential properties with a rateable value of up to R75 000.00 100%

The following clause to be added

- 9.1.4 A property of a beneficiary of any Project Linked Subsidy Scheme of the Department of Human Settlement within the uMlalazi Municipal area shall remain non rateable for the period of eight years, it be noted that once the property has been sold and transferred after the expiration of the eight year period by the beneficiary to another party the property shall become rateable, unless the Council at the time should resolve to the contrary.

The following clause currently reads as follows:

- 9.3 The following categories of owners of residential properties shall additionally receive the following rebates on the rates due in respect of such properties after deducting the rebate applicable to residential properties:

- 9.3.1 *Property owners who are both the permanent occupants and the sole owners of the property concerned who are registered indigents in terms of the municipality's indigency management policy. 100% of the rates based on the rateable value up to R50 000.00, and 75% of the rates based on the rateable value above R50 000.00

- 9.3.2 *Property owners who belong to one of the following categories: 100% of the rates based on the rateable value up to R50 000.00 and 40% of the rates based on the rateable value above R50 000.00.

(a) A ratepayer older than 60 years of age;

(b) A bona fide pensioner under 60 years of age;

(c) A ratepayer under 60 years of age, but has been retired from employment by reason of illness or disability; and

d) whose total household income is as follows:

(i) a single person receiving a total income of R4 200,00 or less

(ii) a married couple receiving a joint monthly income of R5 400,00 or less.

To be replaced by:

- 9.3 The following categories of owners of residential properties shall additionally receive the following rebates on the rates due in respect of such properties after deducting the rebate applicable to residential properties:

- | | | |
|-------|---|--|
| 9.3.1 | *Property owners who are both the <u>permanent occupants</u> and the <u>sole owners</u> of the property concerned who are registered indigents in terms of the municipality's indigency management policy. | 100% of the rates based on the rateable value up to R75 000.00, and 100% of the rates based on the rateable value above R75 000.00 |
| 9.3.2 | *Property owners who are both the <u>permanent occupants</u> and the <u>sole owners</u> of the property concerned and who belong to one of the following categories: | 100% of the rates based on the rateable value up to R75 000.00 and 40% of the rates based on the rateable value above R75 000.00. |
| | (a) A ratepayer older than 60 years of age; | |
| | (b) A bona fide pensioner under 60 years of age; | |
| | (c) A ratepayer under 60 years of age, but has been retired from employment by reason of illness or disability; and | |
| | d) whose total household income is as follows: | |
| | (i) a single person receiving a total income of <u>R4 800,00 per month or less</u> | |
| | (ii) a married couple receiving a joint monthly income of <u>R6 000,00 per month or less.</u> | |
| 9.3.3 | Property owners, excluding state owned property, who are registered annual ratepayers who settle the account on or before the last working day of September of each financial year, will receive an additional 5% rebate" | |

8.2.2.2 CHAPTER 5- LIABILITY FOR RATES

CLAUSE 19 (METHOD AND TIME OF PAYMENT)

The following clause currently reads as follows:

- 19 (b) If a rate is payable in a single amount annually it must be paid on or before a date determined by the Municipality

To be replaced by:

19 (b) Property Owners:

- (i) may apply to settle their accounts in a single amount annually on or before a date determined by the municipality.
- (ii) must apply on the prescribed form on or before the end of June, to become an annual rate payer in the ensuing year.

8.2.2.3 CHAPTER 8 - UPDATING OF VALUATION ROLLS

27. General

Add the following:

- (c) The municipality must, whenever necessary, cause a supplementary valuation to be made in request of any rateable property:
 - o Incorrectly omitted from the valuation roll
 - o Included in a municipality after the last general valuation
 - o Subdivided or consolidated after the last general valuation
 - o Of which the market value has substantially increased or decreased for any reason after the last general valuation
 - o Substantially incorrectly valued during the last general valuation or
 - o That must be revalued for any other exceptional reason.
- (d) any person who wishes his property to be revalued after the objection period has lapsed may do so in a prescribed form, and must pay a fee which is refundable should the Market value had been incorrectly stated.

8.2.3 Indigent Policy

The following clause currently reads as follows:

(G) APPLICATION FOR INDIGENT SUPPORT

- (i) All residents complying with the criteria may apply for indigent relief.
- (ii) Application must be made **during March and September of each year** and will apply from the first of the month following the month of application.
- (iii) Except for the date of implementation of the policy **no retrospective applications will be considered.**
- (iv) Indigent relief will, **unless re-application has been made** and approved, cease after six months from implementation.
- (v) All applications must be made on the prescribed form and all additional information must be supplied **(together with documentary proof where required).**
- (vi) **The onus is on the account holders to re-apply** for support on a biannual basis.

To be replaced by:

(G) APPLICATION FOR INDIGENT SUPPORT

- (i) All residents complying with the criteria may apply for indigent relief.
- (ii) Application must be made **during May of each year** and will apply from July of each year.
- (iii) Except for the date of implementation of the policy **no retrospective applications will be considered.**
- (iv) Indigent relief will cease, if not renewed on an annual basis.
- (v) All applications must be made on the prescribed form and all additional information must be supplied **(together with documentary proof where required).**
- (vi) **The onus is on the account holders to re-apply** for support on an annual basis.

9. OVERVIEW OF BUDGET ASSUMPTIONS

9.1 In January 2010, Cabinet adopted 12 outcomes within which to frame public service delivery priorities and targets. Cabinet ministers have signed performance agreements linked to these outcomes. More detailed delivery agreements have since been developed to extend targets and responsibilities to national and provincial departments, agencies and municipalities.

The municipality is expected to take the 12 outcomes into consideration when reviewing the IDP and developing the annual Draft Budget for the 2011/2012 MTREF. Hereunder follows the 12 outcomes, together with examples of areas where the municipality have a role to play in either contributing directly to the realization of the outcomes or facilitating the work of national and provincial departments in realizing them.

12 Outcomes of Government-role of Local Government

No	Description	Role of Local Government
1	Improve the quality of basic education	<ul style="list-style-type: none"> Facilitate the building of new schools by: <ul style="list-style-type: none"> - Participating in needs assessments - Identifying appropriate land - Facilitating zoning and planning processes Facilitate the eradication of municipal service backlogs in schools by extending appropriate bulk infrastructure and installing connections
2	Improve health and life expectancy	<ul style="list-style-type: none"> Many municipalities perform health functions on behalf of provinces Strengthen effectiveness of health services by specifically enhancing TB treatments and expanding HIV and AIDS prevention and treatments. Municipalities must continue to improve Community Health Service infrastructure by providing clean water, sanitation and waste removal services.
3	All people in South Africa protected and feel safe	<ul style="list-style-type: none"> Facilitate the development of safer communities through better planning and enforcement of municipal by laws. Direct the traffic control function towards policing high risk violations-rather than revenue collection Metro police services should contribute by: <ul style="list-style-type: none"> - Increasing police personnel - Improving collaboration with SAPS - Ensuring rapid response to reported crimes
4	Decent employment through inclusive economic growth	<ul style="list-style-type: none"> Create an enabling environment for investment by streamlining planning application processes. Ensure proper maintenance and rehabilitation of essential services infrastructure. Ensure proper implementation of the EPWP at municipal level Design service delivery processes to be labour intensive Improve procurement systems to eliminate corruption and ensure value for money Utilize community structures to provide services
5	A skilled and capable workforce to support inclusive growth	<ul style="list-style-type: none"> Develop and extend intern and work experience programmes in municipalities. Link municipal procurement to skills development initiatives

6	An efficient, competitive and responsive economic infrastructure network	<ul style="list-style-type: none"> • Ring-fence water, electricity and sanitation functions so as to facilitate cost-reflecting pricing of these services • Ensure urban spatial plans provide for commuter rail corridors, as well as other modes of public transport • Maintain and expand water purification works and waste water treatment works in line with growing demand • Cities to prepare to receive the devolved public transport function • Improve maintenance of municipal road networks.
7	Vibrant, equitable and sustainable rural communities and food security	<ul style="list-style-type: none"> • Facilitate the development of local markets for agricultural produce • Improve transport links with urban centres so as to ensure better economic integration • Promote home production to enhance food security • Ensure effective spending of grants for funding extension of access to basic services.
8	Sustainable human settlements and improved quality of household life	<ul style="list-style-type: none"> • Cities must prepare to be accredited for the housing function. • Develop spatial plans to ensure new housing developments are in line with national policy on integrated human settlements • Participate in the identification of suitable land for social housing. • Ensure capital budgets are appropriately prioritized to maintain existing services and extend services.
9	A response and, accountable, effective and efficient local government system	<ul style="list-style-type: none"> • Adopt IDP planning processes appropriate to the capacity and sophistication of the municipality • Implement the community work programme • Ensure ward committees are representative and fully involved in community consultation processes around the IDP, budget and other strategic service delivery issues. • Improve municipal financial and administrative capacity by implementing competency norms and standards and acting against incompetence and corruption.
10	Protection and enhancement of environmental assets and natural resources	<ul style="list-style-type: none"> • Develop and implement water management plans to reduce water losses. • Ensure effective maintenance and rehabilitation of infrastructure • Run water and electricity saving awareness campaigns • Ensure proper management of municipal commonage and urban open spaces • Ensure development does not take place on wetlands.
11	A better South Africa, a better and safer Africa and world	<ul style="list-style-type: none"> • Role of Local Government is fairly limited in this area. Must concentrate on: <ul style="list-style-type: none"> - Ensuring basic infrastructure is in place and properly maintained. - Creating an enabling environment for investment.

12	A development-orientated public service and inclusive citizenship	<ul style="list-style-type: none"> • Continue to develop performance monitoring and management systems. • Comply with legal financial reporting requirements • Review municipal expenditures to eliminate wastage • Ensure councils behave in ways to restore community trust in Local Government.
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9.2 The following budget assumptions have a major influence on the annual budget:

- It will take some time for the economic upturn to flow through to increased municipal revenues and better cash flows.
- The revenue stream of the Council will stay under pressure for the next three to four quarters in 2011.
- The increased high cost to move waste from the refuse transfer stations, to the regional refuse site.
- The excessive increases in the tariffs of bulk electricity purchases in the next three budget years, are putting pressure on the Council's draft operating expenditure budget.
- The increases in property rates and other tariffs are likely to be counter productive, resulting in higher levels of non payment and increased bad debts.

10. Overview of Budget funding

10.1 Hereunder follows an explanation of how the annual budget is funded:

10.1.1 Operating Expenditure

The operating expenditure is funded as follows:

• Revenue form tariffs	-	96 113 250
• Rental of facilities	-	1 334 570
• Interest earned	-	350 000
• Fines, licences and permits	-	6 963 540
• Transfers recognized	-	70 905 740
• Other direct revenue	-	3 738 330
• Gains on disposal of assets	-	<u>200 000</u>
Total		R179 605 430

10.1.2 Capital Expenditure

The capital expenditure is funded as follows:

Equitable Share Grant	-	10 994 000
Municipal Infrastructure Grant	-	21 609 000
Department of Mineral and Energy	-	<u>660 000</u>
Total		R33 263 000

10.1.3 There are no cash backed reserves at this stage to fund future capital projects

10.1.4 The future fiscal sustainability of the Council is not very positive. The following are contributing factors for this situation:

- The continued inability of consumers to settle outstanding accounts.
- The continued dependency on grant funding from the national government.

10.1.5 The tariff increases under consideration in this draft budget are as follows:

• General rates	-	21.9%(decrease)
• Refuse removal charges	-	10% (increase)
• Sale of electricity	-	16.99%(average increase)

PART 1 - Budgeting for Financial Performance			
Description	Budget Year 2011/2012 R'000	Budget Year 2012/2013 R'000	Budget Year 2013/2014 R'000
<u>OPERATING REVENUE</u>			
Property rates	40,778	42,261	43,857
Service charges	55,335	65,294	76,282
Rental of facilities and equipment	1,335	1,412	1,494
Interest earned - external investments	350	350	350
Fines	3,904	4,100	4,306
Licences and permits	3,060	3,212	3,373
Government Grants and subsidies - Operating	70,906	78,792	85,658
Government Grants and subsidies - Capital	33,283	32,432	40,006
Other revenue	3,737	3,833	3,955
Gains on disposal of PPE	200	200	200
Total operating revenue	212,888	231,886	259,481
<u>OPERATING EXPENDITURE</u>			
Employee related costs	55,792	59,882	64,185
Remuneration of councilors	12,435	13,181	13,971
Bad & doubtful debts	564	592	622
Collection costs	1,105	1,161	1,219
Depreciation	8,004	8,804	9,685
Repairs and maintenance	7,274	6,774	7,473
Finance charges	892	854	818
Bulk purchases	26,231	33,024	41,280
Contracted services	15,204	15,448	16,017
Grants and subsidies	417	436	455
General expenditure	50,742	59,260	62,841
Total operating expenditure	178,660	199,416	218,566
Surplus/(Deficit)	34,228	32,470	40,915

PART 2 - Budgeting for Cash Flow			
Description	Budget Year 2011/12 R'000	Budget Year 2012/13 R'000	Budget Year 2013/14 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Ratepayers and other	148,942	150,417	152,026
Government - operating	75,738	78,792	85,658
Government - capital	22,284	26,115	31,314
Interest	350	350	350
Dividends			
<u>Payments</u>			
Suppliers and employees	(212,696)	(221,859)	(227,876)
Finance charges	(892)	(854)	(818)
Transfers and Grants	(417)	(436)	(455)
NET CASH FROM/(USED) OPERATING ACTIVITIES	33,309	32,525	40,199
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Proceeds on disposal of PPE	200	200	200
Decrease (Increase) in non-current debtors			
Decrease in inventory	-	-	-
Decrease (increase) other non-current receivables	(10)	(10)	(10)
Decrease (increase) in non-current investments			
<u>Payments</u>			
Increase in inventory	(25)	(25)	(26)
Purchase of property, plant and equipment	(33,263)	(32,432)	(40,006)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(33,098)	(32,267)	(39,842)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Short term loans			
Borrowing long term/refinancing			
Increase (decrease) in consumer deposits	10	10	11
<u>Payments</u>			
Repayment of borrowing	(346)	(350)	(353)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(336)	(340)	(342)
NET INCREASE/ (DECREASE) IN CASH HELD	(125)	(82)	15
Cash/cash equivalents at the year begin:	422	297	215
Cash/cash equivalents at the year end:	297	215	230

PART 3 - Reconciliation of reserves and commitments backed by cash/investments			
Description	Budget Year 2010/2011 R'000	Budget Year 2011/2012 R'000	Budget Year 2012/2013 R'000
Reserves to be backed by cash	0	0	0
Capital budget creditors unpaid at year end	0	0	0
Total commitments:	0	0	0
Total cash and investments available			
Cash/cash equivalents at the year end	297	215	230
Long term investments held	-	-	-
Cash and investments available	297	215	230

10.3 Particulars of rates, refuse, electricity tariffs and other charges:

When the rates, electricity and refuse tariffs and other charges were revised, the following were taken into account:

- The wage agreements with unions.
- Other input costs of services provided by the Council
- The need to ensure financial sustainability
- Local economic conditions
- The affordability of services, taking into consideration the Council's indigent policy
- Relevant policy developments in the different sectors.

10.3.1 Hereunder follows the tariffs for consideration:

PROPERTY RATES

23.36% decrease on 2010/2011 tariff

Categories	Ratio in relation to residential property
Residential Property	1 : 1
Commercial and Industrial Property	1 : 1
Agricultural Property	1 : 0.25
Public Service Infrastructure	1 : 0.25

TARIFFS FOR PROPERTY RATES

Category	2010/2011 c/R 8.00%	2011/2012 c/R -23.36%
Residential	1.37	1.05
Commercial and Industrial	1.37	1.05
Government	1.37	1.05
Municipal	1.37	1.05
Clubs/Churches	1.37	1.05
Agricultural	0.3425	0.2625
Public service infrastructure	0.3425	0.2625

PROPERTY RATES – REBATES AND REVENUE FOREGONE (2011/2012)

	% Rebates	Total
Rebates		
Clubs/Churches	100	990 057
Pensioners	40	94 798
Department of Public Works	20	709 894
Municipal Properties	100	4 087 233
Indigents	100	83 526
Land Claim Farms	100	33 897
3 rd Year phasing in	25	1 026 733
Early Settlement	2.5	4 484
Small Holdings with agricultural activities	50	6 347
		7 036 969
Revenue Foregone		
30% of the M/V for PSI		
1 st R50 000 non-ratable on residential		1 674 833
1 st R15 000 non-ratable on vacant residential		2 944 463
		70 245
TOTAL		11 726 510

ELECTRICITY SUPPLY

SECTION A: CHARGES FOR ELECTRICITY

		2010/2011	2011/2012
1.	Eshowe Consumers		
1.1	Domestic consumers, churches and old age homes		
1.1.1	Monthly service charge (which charge excludes any kilowatt hour of electricity consumed)	143.00	172.15
1.1.2	Consumption charge	0.80	
	INCLINING BLOCK TARIFF SYSTEM		
	0 – 50 Kwh		0.68
	51 – 350 Kwh		0.80
	351 – 600 Kwh		1.08
	601 > Kwh		1.14
1.2	Businesses, clubs, boarding houses, hotels, schools and hostels, Government / NPA		
1.2.1	Monthly service charge (which charge excludes any kilowatt hour of electricity consumed)		
	For a single-phase connection per month	182.40	219.57
	For a three-phase connection per month	524.38	631.25
1.2.2	Consumption charge	0.89	1.07
1.3	Large Consumers		
1.3.1	Monthly Service charge (which charge excluded any kilowatt hour of electricity consumed)	231.36	278.51
	Consumption charge for KVA	120.99	145.65
1.3.2	Consumption charges	0.49	0.59
2.	<u>King Dinuzulu Consumers</u>		
2.1	Monthly Service Charge		
	Domestic	143.00	172.15
	Businesses	524.38	631.25
2.2	Consumption Charge		
	Domestic	0.80	
	INCLINING BLOCK TARIFF SYSTEM		
	0 – 50 Kwh		0.68
	51 – 350 Kwh		0.80
	351 – 600 Kwh		1.08
	601 > Kwh		1.14
	Businesses	0.89	1.07
3.	<u>User where Prepaid Meters have been installed</u>		
3.1	Consumption charge –Domestic	0.98	
	INCLINING BLOCK TARIFF SYSTEM		
	0 – 50 Kwh		0.76
	51 – 350 Kwh		0.89
	351 – 600 Kwh		1.20
	601 > Kwh		1.33

3.2	Consumption charge-Commercial (single phase)	1.12	1.35
3.3	Consumption charge-Commercial (three phase)	1.35	
3.4	Low Cost Housing	0.74	
	INCLINING BLOCK TARIFF SYSTEM		
	0 – 50 Kwh		0.72
	51 – 350 Kwh		0.82
	351 – 600 Kwh		0.91
	601 > Kwh		1.03
3.5	Fee for purchasing pre-paid electricity for after hours	10.00	10.00
4.	<u>Connection fees for the supply of Electricity to Building Contractors</u>		
4.1	Connection fees other than 3 phase		
4.1.1	Connection fees (including disconnection)	267.43	321.94
4.1.2	Plus all kilowatt hours consumed at Maximum period of supply 6 months	0.89	1.07
4.2	3 Phase connections		
4.2.1	Connection fee (including disconnection)	524.38	631.25
4.2.2	Plus all kilowatt hours consumed at no maximum period of supply 6 months	0.90	1.10
5.	<u>Availability Charge</u>		
5.1	An availability charge is payable in respect of all properties, which can be yet or not served by the electricity reticulation network.	144.72	172.21

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SECTION B: CONSUMER DEPOSITS

1.	<u>Domestic Supply</u>	2010/2011	2011/2012
	Amateur sporting clubs Charitable institutions Churches Government dwellings and institutions Private dwelling houses Retirement and care centres Townhouses Residential Flats	2300.00	2800.00
2.	<u>Low Cost Housing Schemes</u>		
2.1	Where valuation of property is below R50 000,00 (receives free refuse)	Nil	NIL
2.2	Where valuation of property exceeds R50 000,00	300.00	320.00
3.	<u>Households With Pre Paid Electricity</u>	300.00	320.00

4.	<u>Commercial Supply</u>		
4.1	Deposit to be based on three times the average monthly account over a period of three months of a similar business or three times the average account over a period of three months of the previous consumer		
4.2	Should the business to be operated be of the same type or per discretion of the Chief Financial Officer or his assignee with a minimum of R3300,00		
4.3	Where the minimum deposit is more than R5000.00, the applicant be allowed to provide a bank guarantee for the required deposit.		

5.	<u>Commercial Consumers with Pre Paid Electricity</u>		
5.1	Refuse removal service at least one day per week	450.00	490.00
5.2	Refuse removal service for a six day removal per week	850.00	935.00

SECTION C: SUNDRY ELECTRICITY CHARGES

		2010/2011	2011/2012
1.	<u>Testing Fee</u>		
1.1	Special fee for testing installation at consumers request	100.00	120.39
1.2	Meter test <ul style="list-style-type: none"> Prepayment meter testing fee Single phase conventional meter 400V Three phase conventional meter 11 kv meter 	255.00 341.00 440.00 Cost + 10%	306.97 410.50 529.67 Cost +10%
1.3	Inspection fee, after failure upon first test	87.72	
1.4	Fee for checking meter reading (Which fee will be refunded should the reading be found to be incorrect)	165.01	198.64
2.	<u>Disconnection Charge</u>		
2.1	Final Notice of demand		
2.1.1	Properties within the Municipality	120.00	144.46
2.1.2	Properties outside the Municipality (Plus 32c /km)	120.00	144.46
2.1.3	Where the disconnection is performed by a private contractor at the request of the Manager Financial Services	240.01	288.93
3.	<u>Reconnection Charge</u> (penalties for services that may be disconnected if not paid on due date)		
3.1	For non-payment of account	120.00	144.46
3.2	For other reasons, per each occasion	105.26	144.46
3.4	Connection charge – after office hours	360.00	433.37
4.	<u>SERVICE CONNECTION FEES (NEW TARIFFS)</u>		
4.1	Single phase prepayment connection (60 amp)	1 490.01	1 610.00
4.2	Single phase prepayment connection (Sunnydale 20 amp)	820.01	885.60
4.3	Upgrade single phase prepayment connection (20 amp - 60 amp) (KDS / Sunnydale)	9 440.00	10 190.00
4.4.	Alternative single phase prepayment connection including ready board and cable	3 045.00	3 285.00
4.5	Single phase meter conversion from conventional to prepayment(Domestic and Small Business)	1 015.00	1 100.00
4.6	Three phase meter conversion from conventional to three phase prepayment (Domestic and Small Business)	3 765.00	3 915.00
4.7	Single phase conventional connection (see council resolution)	1 205.01	1 300.00
4.8	Second single phase prepayment connection on the same or subdivided premises	11 780.00	12 720.00
4.9	Single phase meter conversion from conventional to three phase conventional (Domestic and Small Business)	12 395.01	13 390.00
4.10	Single phase meter conversion from conventional to three phase prepayment meter (Domestic and Small Business)	13 620.01	14 710.00

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4.11	Domestic conversion from single to three phase maximum demand on connection (100Amp)	12412.28	15 280.00
4.12	Domestic three phase conventional connection with a maximum demand of 100Amp	13 735.01	14 830.00
4.13	Domestic three phase prepayment connection	3 875.00	4 030.00
4.14	New 80A single phase supply or conversion from 60A to 80A	4 055.46	4 380.00
4.15	Non-domestic three phase connection with a maximum demand of 100Amp	16 920.01	18 270.00
4.16	Conversion from 80A single phase prepayment to 3 phase prepayment connection	10 165.01	10 570.00
4.17	Three phase connection with a max demand greater than 60 Amp (100A Eshowe) All cost plus 10% of all equipment necessary plus the cost of the infrastructure contributions for additional electricity above that being existing or allowed based on the zoning and area of the premises		
5.	Tampering Fee	1 199.89	1 445.57
6.	Pre Paid Electricity Identification Card	50.00	
7.	Moving / Relocation of a prepayment meter	425.01	511.62
8.	Replacement of damaged or burnt-out prepayment meter single phase	480.00	577.82
9.	Replacement of damaged or burnt-out prepayment meter three phase	1 880.00	2 263.15
10.	Certificate of Compliance – revisit fee	320.00	382.22

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WASTE MANAGEMENT

SECTION A: REFUSE REMOVAL FEES

1.	<i>ESHOWE</i>	2010/2011	2011/2012
1.1	Domestic (removal service one day per week) Per refuse receptacle, per month	97.26	106.99
1.2	Removal of refuse from business and other premises		
1.2.1	Per refuse receptacle for a service of at least one day per week, per month	148.36	163.20
1.2.2	Per refuse receptacle for a six days per week clearance, per month	283.52	411.87
1.3	King Dinuzulu Users Residential Business	67.37 132.56	97.69 145.82
1.4	Mass container removal service four days per week,		
1.4.1	per container, per month	3 131.93	3 445.14
1.4.2	Mass container removal service four days per container where the consumer supplies the container for – The first 12 months Thereafter per month	554.74 3 131.93	610.22 3 445.14
1.4.3	2 Mass Containers + 4 Receptacle	7 397.95	8 137.75
1.5	Schools		
1.5.1	Removal Service one day per week,	150.01	165.01
1.5.2	Per refuse receptacle for a six days per week clearance, per month at schools	283.52	411.87
1.6	Hire of garden refuse container "Skip" for 2 day period	320.00	350.00
1.7	Removal of builders' rubble from properties per load of 2,3m or part hereof	530.00	580.00
1.8	Per polythene plastic bags	1.45	2.00
1.9	One bag of polythene black plastic bags (20 bags)	30.01	35.00
1.10	Making use of transfer station		
1.10.1	Businesses (Including garden services)	150.00 per ton	165 per ton
1.10.2	Builders rubble	150.00 per ton	165 per ton

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2.	MTUNZINI	2010/2011	2011/2012
	Removal of household, domestic or business refuse from all properties / for 2 removals per week, per month or part thereof -		
2.1	Domestic including clubs	97.26	106.99
2.2	Hotels and supermarkets	606.64	667.30
2.3	Other food handling businesses	283.52	411.87
2.4	Non-food handling businesses	148.36	163.20
2.5	Schools	150.01	165.01
2.6	Caravan parks for every 10 sites or part thereof	102.20	112.42
2.7	For every additional removal per load or part hereof	148.36	163.20
2.8	General Residential II sites per unit	102.20	112.42
2.9	Prawn farm	314.80	
2.10	Use of refuse dump by instances outside municipal area, per month or part thereof	1 118.40	1 230.24
2.11	Removal of refuse other than household or domestic, per load thereof	150.01	165.01
2.12	Removal of building rubble, per load thereof	530.00	583.00
2.13	Removal of Garden refuse per black bag	20.00	22.00
2.14	Making use of transfer station		
2.14.1	Businesses (Including garden services)	150.00 per ton	165 per ton
2.14.2	Builders rubble	150.00 per ton	165 per ton
3.	GINGINDLOVU		
3.1	Commercial per month	148.36	163.20
3.1.1	Commercial (Bulk) per month	114.33	125.76
3.2	Residential per month	97.26	106.99
3.3	Garden Refuse per black bag or part thereof	20.00	22.00
3.4	Rubble Removal per load or part thereof	530.00	583.00
3.5	Lot Clearing per lot	Cost + 10%	Cost +10%

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*Note : Electricity and refuse tariffs are submitted separately with the budget approval.

*New Tariff is inclusive of VAT

1.	ADVERTISEMENTS	OLD TARIFF	NEW TARIFF
	Display of Advertisements General advertisements of events, meetings. Billboards, directional signage and any other signage determined by the Council may be subject to the services of an Advertising Consultant Company.		
1.1	Posters and Flags (per poster or flags per month): - General Welfare Organizations Political (per announced election period)	R10.00 R5.00 R5.00	R12.00 R0.50 R.050
1.2	Per banner per month	R100.00	R110.00
1.5	Billboards – per Bill Board annual charge irrespective if display period is less than one year	R12 000.00	R12 200.00
1.6	Deposit of 50% of quantities displayed - such deposit shall be retained by Council to cover costs incurred if adverts are not removed within the determined time period as stipulated in the Advertising Bylaws.	50% of total	50% of total
2.	HANDBILLS	OLD TARIFF	NEW TARIFF
2.1	For the permission to distribute handbills within the Municipality, Per month	R500.00	R550.00
2.2	For the permission to distribute handbills with the Municipality, Per year	R3 500.00	R3 600.00
3.	COMMUNITY HALLS	OLD TARIFF	NEW TARIFF
3.1	HIRE FEE FOR COMMUNITY HALLS		
3.1.1	General functions including weddings, concerts, contests, dances, exhibitions, tournaments and any other function which derives a financial benefit	R1200.00	R1400.00
3.1.2	Religious Services	R200.00	R200.00
3.1.3	Public meetings	R200.00	R200.00
3.1.4	Hire of Community Halls facilities by non-residents for any purposes	Normal rate +50%	Normal rate +50%
3.1.5	Political Meetings	R250.00	R250.00
3.1.6	For any other purpose approved by the Council per day	R800.00	R1000.00
3.1.7	Hire of Premier Conference Center	R700.00	R800.00
3.2	DEPOSIT FEE FOR COMMUNITY HALLS		
3.2.1	General functions including weddings, concerts, contests, dances, exhibitions, tournaments and any other function which derives a financial benefit	R3500.00	R3500.00
3.2.2	Religious Services	R200.00	R200.00
3.2.3	Public Meetings	R200.00	R200.00
3.2.4	For any other purpose approved by the Council per day	R800.00	R800.00
3.2.5	Political Meetings	R500.00	R500.00
The right to determine the period of hire is reserved by Council and the Municipal Manager is delegated discretionary authority on interpretation of applications and relevant tariffs to be charged. Deposits to be paid in advance in cash or bank guaranteed cheque. Temporary bookings will be accepted subject to 50% of the required deposit being paid in advance and the balance payable 24 hours prior to the event. All events or meeting must be concluded by 12:00 midnight and no sleeping in the any Council premises is permitted.			

4.	TOWN PLANNING	OLD TARIFF	NEW TARIFF
4.1	Consideration for approval of subdivisions/consolidations		
4.1.1	Basic fee	R900,00	R1000,00
4.1.2	Additional fee, per subdivision (Remainder to be considered a subdivision)	R100,00	R100,00
4.1.3	Amendment of subdivisions in process	R200,00	R200,00
4.1.4	Application for Registration of right of way servitudes/long term leases – Administration Fee (Note – This excludes legal fees)	R200,00	R200,00
4.1.5	Application for phasing/cancellation of approved layout plans – Administration Fee	R1 500,00	R1 500,00
4.2.	Application for relaxation of building line and/or side and rear spaces in terms of Town Planning Clauses (per application)	R650,00	R650,00
4.3.	Rezoning Applications		
4.3.1	Rezoning of unused public open spaces in line with Council's Policy (NOTE – Advertisement, Closure and subdivision/consolidation fees would still apply)	Nil	Nil
4.3.2	Other rezonings:		
	(i) Less than 1 ha	R2 000,00	R2 000,00
	(ii) 1 hectare and over but less than 5 hectares	R2 500,00	R2 500,00
	(iii) 5 hectares and over but less than 10 hectares	R3 500,00	R3 500,00
	(iv) 10 hectares and over	R5 000,00	R5 000,00
4.4.	Zoning certificates	R40,00	R40,00
4.5.	Special Consent		
4.5.1	Consent to operate home industry without additional employment opportunities (Category A)	R500,00	R500,00
4.5.2	All other consent use applications (Category B)	R1 000,00	R1 000,00
4.6.	Removal of Restrictive Conditions of Title	R1 000,00	R1 000,00
4.7.	Closure of Public Streets / Open Spaces – Administration Fee	R250,00	R250,00
4.8.	Administration of DFA Applications:		
	(i) Less than 1 ha	R2 000,00	R2 000,00
	(ii) 1 hectare and over but less than 5 hectares	R2 500,00	R2 500,00
	(iii) 5 hectares and over but less than 10 hectares	R3 500,00	R3 500,00
	(iv) 10 hectares and over	R5 000,00	R5 000,00
4.9.	Development outside of scheme areas		
	(i) Less than 5 hectares	R3 000,00	R3 000,00
	(ii) 5 hectares and over but less than 10 hectares	R4 500,00	R4 500,00
	(iii) 10 hectares and over	R7 000,00	R7 000,00
4.10.	Public Notice		
4.10.1	Notices in the legal section	R1 700,00	R2 000,00
4.10.2	Notices in the body of the paper	R5 000,00	R5 000,00
4.11.	Hearings	Cost plus 10%	Cost plus 10%
4.12.	Fines – as per Section 75 and 89 of the Planning and Development Act		
4.12.1	Fines as per Section 75	As per court order	As per court order
4.12.2	Additional penalties in accordance with Section 76	As per court order	As per court order
4.12.3	Section 89 Civil Penalty	10-100% of value of illegal building/construction, etc.	10-100% of value of illegal building/construction, etc.
<p>In light of the introduction of the new Planning and Development Act in April 2010, the tariffs have had to be revised so as to respond to the new planning processes included therein. In that regard, all proposals now read as per the tariff. In the instance that multiple applications are lodged for consideration of Council, individual tariffs will be applicable to each type of application included on the application form.</p> <p>Applications previously known as "consent uses" will now be known as Formal Authority throughout the Councils jurisdiction. This is in line with the PDA. Applications previously known as "Special Consent" will now be known as Consent throughout the Council's jurisdiction. This is in line with the PDA.</p>			

5.	<u>ENCROACHMENT – SIGNS</u>	OLD TARIFF	NEW TARIFF
	<u>Street Encroachment</u> The charges for street encroachment shall be payable annually in advance <u>per sign</u> as follows:-		
5.1	Verandah posts, each	R250.00	R300.00
5.2	Verandah, ground floor, per m ² or part thereof and including Cantilevers overhanging the pavement or footpaths, Per m ² or part thereof	R15.00	R20.00
5.3	Sign boards on, or overhanging the footpaths or pavement, each	R400.00	R450.00
5.4	Building Rubble, sand and the like left on the pavement per day or part thereof	R50.00	R100.00
5.5	Display of signs for hotels, boarding houses, guest houses and Bed and breakfast accommodation (Maximum 4 signs per establishment), <u>per annum</u>	R350.00	R400.00
6.	<u>MISCELLANEOUS SERVICES</u>	OLD TARIFF	NEW TARIFF
	The following fee shall be paid to the Manager Financial Services in advance for the production of documents, provision of certificates and extract information from records, etc.		
6.1	Search fee per account, document or file produced for inspection or duplicate accounts made out	R40.00	R45.00
6.2	Certified copy of extract from Council's minutes and or hearing per page	R40.00	R45.00
6.3	Rates certificates for each certificate granted	R40.00	R50.00
6.4	Another certificate for each certificate	R50.00	R50.00
6.5	Standard and other bylaws per copy Extract of bylaws per page or part thereof	R70.00 R15.00	R70.00 R15.00
6.6	Valuation Roll per town	R700.00	R700.00
6.7	Valuation Roll per folio	R15.00	R15.00
6.8	Voters Roll per folio	R15.00	R15.00
6.9	General Photocopy fees	R5.00	R5.00
6.10	Clearing of vacant lots	R900.00	R900.00
6.11	Tender Documents – Unless specifically prescribed	R350.00	R350.00
6.12	Any occupier or owner of a stand within the uMlalazi Municipality will, subject to non-compliance or default to a statutory notice directing him/her to cut and clear a stand, have the stand cut by the uMlalazi Municipality and the same costs placed on his/her consumer account		R500.00
7.	<u>LIBRARIES</u>	OLD TARIFF	NEW TARIFF
7.1	Overdue library material excluding videos	R3.00	R4.00
7.2	Overdue video material	R4.00	R5.00
7.3	Overdue library books including talking books	R3.00	R4.00
7.4	Overdue DVD material	R5.00	R6.00
7.5	Overdue Technicon Books	R5.00	R6.00
7.6	Lost book identity card	R35.00	R40.00
7.7	Lost patron card	R35.00	R40.00
7.8	Lost Technicon card	R35.00	R40.00
7.9	2 nd notification letter / post card	R15.00	R20.00
7.10	Photocopies of Library material per page	R0.50	R0.50
8.	<u>PROMOTION OF ACCESS TO INFORMATION</u>	OLD TARIFF	NEW TARIFF
8.1	Application Fee	R40.00	R40.00
8.2	For every A 4 photocopy relating to the promotion of access to Information Act	R3.00	R3.00
8.3	For a copy in a computer readable format: - Compact Disk Copy of an audio record	R60.00 R60.00	R60.00 R60.00

8.4	To search for the record for disclosure for each hour excluding the first hour	R35.00	R35.00
8.5	The actual postal fee is payable when a copy of a record must be posted to a requester		
9.	<u>PUBLIC TOILETS</u>	OLD TARIFF	NEW TARIFF
9.1	Usage of public toilet per person	R3.00	R3.00
9.2	Collection of water for cooking; washing cars and other per litre	R1.10	R1.10
10.	<u>SWIMMING POOL - SUNNYDALE</u>	OLD TARIFF	NEW TARIFF
10.1	Day ticket - Children	R5.00	R5.00
10.2	Day ticket - Adults	R7.50	R7.50
	Season ticket - Children	R50.00	R50.00
10.3	Season ticket - Adults	R75.00	R75.00
11.	<u>GARDEN REFUSE AND BUILDING RUBBLE TARIFFS</u>	OLD TARIFF	NEW TARIFF
11.1	Garden Refuse - per ton load or part thereof	R50.00	R50.00
11.2	Commercial - per ton load	R180.00	R180.00
11.3	Building Rubble - per ton load	R180.00	R180.00
11.4	Mixed domestic waste - per ton load	R85.00	R85.00
11.5	Timber/tree stumps - per ton load	R180.00	R180.00
12.	<u>BUILDING PLAN TARIFFS</u>	OLD TARIFF	NEW TARIFF
12.1	<u>NEW WORKS</u>		
12.1.1	For each new building or additions to existing buildings per square metre		
12.1.2	For the first 20 m ²	R160.00	R180.00
12.1.3	Each additional 10 m ² or part thereof up to 5 000 m ²	R80.00	R100.00
12.1.4	Each additional 10 m ² or part thereof more than 5 000 m ² and up to 15 000 m ²	R30.00	R40.00
12.1.5	Each additional 10 m ² or part thereof more than 15 000 m ²	R20.00	R25.00
12.2	<u>AS BUILT OR AMENDED PLANS</u>		
12.2.1	For as built plans, 25% of existing submission fee, plus full tariff for additional new works	25% of existing fee plus full tariff	25% of existing fee plus full tariff
12.3	<u>INTERNAL ALTERATIONS TO EXISTING BUILDINGS</u>		
12.3.1	Any form of internal alterations to existing buildings of any nature not defined as "as built" or amended plans" (i.e. plans passed and structures which have already passed occupation requirements)		
12.3.2	Fixed tariff : Structures up to 500 m ²	R260.00	R280.00
12.3.3	Structures up to 5 000 m ²	R560.00	R580.00
12.3.4	Structures exceeding 5 000 m ²	R920.00	R940.00
12.3.5	For the renewal of plans which have expired	50% of existing submission fee	50% of existing submission fee
12.3.6	For swimming-pools	R260.00	R280.00
12.3.7	For boundary walls / Fences	R260.00	R280.00
12.3.8	For any other plan submitted other than described above, a fixed tariff of	R350.00	R370.00
12.3.9	For a permit for minor structures in terms of Act 103 of 1977, a fixed tariff of	R160.00	R180.00
13.	<u>PRODUCTION OF MAPS/BUILDING PLAN</u>	OLD TARIFF	NEW TARIFF
13.1	<u>OZALID COPIER</u>		
13.1	A1 paper	R30.00	R35.00

13.2	<u>HP COPIERS BLACK/WHITE PRINTS</u>		
13.2.1	A4	R15.00	R20.00
13.2.2	A3	R20.00	R25.00
13.2.3	A2 & A1	R30.00	R35.00
13.2.4	A0	R50.00	R55.00
13.3	<u>HP COPIERS COLOUR PRINTS</u>		
13.3.1	A4	R25.00	R30.00
13.3.2	A3	R40.00	R45.00
13.3.3	A2 & A1	R125.00	R130.00
13.3.4	A0	R175.00	R180.00
13.4	<u>LAMINATE COPIES</u>		
13.4.1	A2 & A1	R40.00	R45.00
13.4.2	A0	R60.00	R65.00
13.5	<u>A0 SCANNER, COPIER & PRINTER</u>		
13.5.1	A0 paper	R35.00	R40.00
13.5.2	A1 paper	R20.00	R25.00
13.5.3	A0 plastic	R75.00	R80.00
13.5.3	A1 plastic	R40.00	R45.00
14.	<u>ENGINEERING INSPECTIONS AND APPLICATIONS</u>	OLD TARIFF	NEW TARIFF
14.1	P.T.O. Applications	R350.00	R350.00
14.2	Sewer Inspections	R160.00	R180.00
14.3	Encroachments (per side)	R150.00	R160.00
14.4	Site visit for boundary lines (per peg)	R160.00	R170.00
15.	<u>ROAD CROSSING RE-INSTATEMENTS</u>	OLD TARIFF	NEW TARIFF
15.1	Premix surfacing per m²	R90.00	R100.00
15.2	Base (G2 crusher run) per m²	R100.00	R110.00
16.	<u>CEMETERY TARIFFS</u>	OLD TARIFF	NEW TARIFF
16.1	<u>TARIFFS FOR RESIDENTS</u>		
16.1.1	Burial for stillborn/infant	R550.00	R600.00
16.1.2	Burial for person under the age of 12 years	R670.00	R700.00
16.1.3	Burial for person over the age of 12 years	R920.00	R950.00
16.1.4	Burial Double deep	R1600.00	R1650.00
16.1.5	Burial Casket	R1600.00	R1650.00
16.1.6	Double grave	R1900.00	R1950.00
16.1.7	Niche – Wall of Remembrance	R250.00	R300.00
16.2	<u>TARIFFS FOR NON-RESIDENTS</u>		
16.2.1	Burial for stillborn/infant	R1400.00	R1500.00
16.2.2	Burial for person under the age of 12 years	R2000.00	R2200.00
16.2.3	Burial for person over the age of 12 years	R4000.00	R4200.00
16.2.4	Double grave	R6000.00	R6200.00
16.2.5	Niche – Wall of Remembrance	R450.00	R500.00
16.3	<u>GENERAL</u>		
16.3.1	Opening a grave for exhumation	R7000.00	R7500.00
16.3.2	Permission to erect memorial stone	R250.00	R260.00
16.3.3	Proof must be handed in that the deceased was resident in the Council's area or jurisdiction for a continuous period exceeding 3 months		
16.3.4	Burial plot sizes: adult – 2,5m x 1,5m x 1,8m deep		
16.3.5	Burial plot sizes: child – 1,5m x 1,0 x 1,8m deep		
16.3.6	Burial aperture sizes: adult – 2,2m x 0,9m x 1,8m deep		
16.3.7	Burial aperture sizes: child – 1,2m x 0,7m x 1,8m		

TAXI RANK TARIFFS

1.	Permit Per Annum	R100.00	R100.00
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POUND TARIFFS: -

No	Type of fee or cost	Amount of fee or cost due and payable to Pound Master	Amount of fee or cost due and payable to Council
1	Transportation Fee	The kilometer tariff for the vehicle which, in the discretion of the pound keeper, is reasonably necessary to transport the relevant animal to the pound, as determined by the Automobile if South Africa (AA) from time to time.	Nil
2	Pound fee / tariffs	a. R30.00 per day for any pig, sheep or goat b. R70.00 per day for any other animal	a. R15.00 per day for any pig, sheep or goat b. R50.00 per day for any other animal
3	Other costs (All other actual costs including tending, dipping or spraying, wound dressing, medication, veterinarian and any other costs required)	Actual cost	Nil

10.3.2 EFFECTS OF TARIFFS OF CUSTOMER ACCOUNTS

2011/2012 EFFECT OF TARIFF INCREASES ON CUSTOMERS ACCOUNTS

SMALL RESIDENTIAL MTUNZINI											
ERF 58/080 MTZ	2010/2011 FINANCIAL YEAR				ERF 58/080 MTZ	2011/2012 FINANCIAL YEAR				2012/2013	2013/2014
DETAILS	M/VALUE	TOTAL	VAT	TOTAL	DETAILS	M/VALUE	TOTAL	VAT	TOTAL	% INCREASE	
Rates	685,000	724.96		724.96	Rates	856,200	683.55		683.55	-5.71%	709.59
Refuse		85.32	11.94	97.26	Refuse		93.85	13.14	106.99	10.00%	117.69
				822.22					790.54	-3.85%	827.28
											871.60
MEDIUM RESIDENTIAL MTUNZINI											
ERF 274 MTZ	2010/2011 FINANCIAL YEAR				ERF 274 MTZ	2011/2012 FINANCIAL YEAR					
DETAILS	M/VALUE	TOTAL	VAT	TOTAL	DETAILS	M/VALUE	TOTAL	VAT	TOTAL	% INCREASE	
Rates	925,500	999.53		999.53	Rates	1,463,000	1,214.50		1,214.50	21.51%	1,260.77
Refuse		85.32	11.94	97.26	Refuse		93.85	13.14	106.99	10.00%	117.69
				1,096.79					1,321.49	20.49%	1,378.46
											1,448.06
LARGE RESIDENTIAL MTUNZINI											
ERF 273 MTZ	2010/2011 FINANCIAL YEAR				ERF 273 MTZ	2011/2012 FINANCIAL YEAR					
DETAILS	M/VALUE	TOTAL	VAT	TOTAL	DETAILS	M/VALUE	TOTAL	VAT	TOTAL	% INCREASE	
Rates	1,600,000	1,769.58		1,769.58	Rates	3,376,300	2,888.64		2,888.64	63.24%	2,998.68
Refuse		85.32	11.94	97.26	Refuse		93.85	13.14	106.99	10.00%	117.69
				1,866.85					2,995.63	60.46%	3,116.37
											3,265.69

2011/2012 EFFECT OF TARIFF INCREASES ON CUSTOMERS ACCOUNTS

SMALL RESIDENTIAL GINGINDLOVU											
ERF 54 GING	2010/2011 FINANCIAL YEAR				ERF 54 GING	2011/2012 FINANCIAL YEAR				2012/2013	2013/2014
DETAILS	M/VALUE	TOTAL	VAT	TOTAL	DETAILS	M/VALUE	TOTAL	VAT	TOTAL	% INCREASE	
Rates	152,000	116.45		116.45	Rates	404,400	288.23		288.23	147.51%	299.21
Refuse		85.32	11.94	97.26	Refuse		93.85	13.14	106.99	10.00%	117.69
				213.71					395.21	84.93%	416.90
											442.39
MEDIUM RESIDENTIAL GINGINDLOVU											
ERF 51/01 GING	2010/2011 FINANCIAL YEAR				ERF 51/01	2011/2012 FINANCIAL YEAR					
DETAILS	M/VALUE	TOTAL	VAT	TOTAL	DETAILS	M/VALUE	TOTAL	VAT	TOTAL	% INCREASE	
Rates	285,500	268.86		268.86	Rates	611,100	469.09		469.09	74.47%	486.96
Refuse		85.32	11.94	97.26	Refuse		93.85	13.14	106.99	10.00%	117.69
				366.13					576.08	57.34%	604.65
											638.75
LARGE RESIDENTIAL GINGINDLOVU											
ERF 115 GING	2010/2011 FINANCIAL YEAR				ERF 115 GING	2011/2012 FINANCIAL YEAR					
DETAILS	M/VALUE	TOTAL	VAT	TOTAL	DETAILS	M/VALUE	TOTAL	VAT	TOTAL	% INCREASE	
Rates	334,500	324.80		324.80	Rates	792,100	627.46		627.46	93.18%	651.37
Refuse		85.32	11.94	97.26	Refuse		93.85	13.14	106.99	10.00%	117.69
				422.07					734.45	74.01%	769.06
											810.70

2011/2012 EFFECT OF TARIFF INCREASES ON CUSTOMERS ACCOUNTS

					SMALL RESIDENTIAL ESHOWE									
ERF 381 ESH	2010/2011 FINANCIAL YEAR				ERF 381 ESH	2011/2012 FINACIAL YEAR								
DETAILS	0-50KWH	TOTAL	VAT	TOTAL	DETAILS	0-50KWH	51-350KWH	351-600KWH	600>KWH	TOTAL	VAT	TOTAL	% INCREASE	
Unit Cost Per KWH	0.7				Unit Cost Per KWH	0.60	0.70	0.95	1.00					
Consumption (600 Units)	600				Consumption (600 Units)	50	300	250	0					
	420.00	420.00	58.80	478.80		30.00	210.00	237.50	0.00	477.50	66.85	544.35	13.69%	
Service Charge		125.44	17.56	143.00	Service Charge					151.00	21.14	172.14	20.38%	
Rates	340,000	331.08		331.08	Rates	754,500				594.56		594.56	79.58%	
Refuse		85.32	11.94	97.26	Refuse					93.85	13.14	106.99	10.00%	
				1,050.15									1,418.04	35.03%
					MEDIUM RESIDENTIAL ESHOWE									
ERF 378 ESH	2010/2011 FINANCIAL YEAR				ERF 378 ESH	2011/2012 FINANCIAL YEAR								
DETAILS	0-50KWH	TOTAL	VAT	TOTAL	DETAILS	0-50KWH	51-350KWH	351-600KWH	600>KWH	TOTAL	VAT	TOTAL	% INCREASE	
Unit Cost Per KWH	0.7				Unit Cost Per KWH	0.60	0.70	0.95	1.00					
Consumption (669 Units)	669				Consumption (669 Units)	50	300	250	69					
	468.30	468.30	65.56	533.86		30.00	210.00	237.50	69.00	546.50	76.51	623.01	16.70%	
Service Charge		125.44	17.56	143.00	Service Charge					151.00	21.14	172.14	20.38%	
Rates	395,500	394.45		394.45	Rates	827,300				658.26		658.26	66.88%	
Refuse		85.32	11.94	97.26	Refuse					93.85	13.14	106.99	10.00%	
				1,168.57									1,560.40	33.53%
					LARGE RESIDENTIAL ESHOWE									
ERF 389 ESH	2010/2011 FINANCIAL YEAR				ERF 389 ESH	2011/2012 FINANCIAL YEAR								
DETAILS	0-50KWH	TOTAL	VAT	TOTAL	DETAILS	0-50KWH	51-350KWH	351-600KWH	600>KWH	TOTAL	VAT	TOTAL	% INCREASE	
Unit Cost Per KWH	0.7				Unit Cost Per KWH	0.60	0.70	0.95	1.00					
Consumption (1631 Units)	1631				Consumption (1631 Units)	50	300	250	1031					
	1,141.70	1,141.70	159.84	1,301.54		30.00	210.00	237.50	1,031.00	1,508.50	211.19	1,719.69	32.13%	
Service Charge		125.44	17.56	143.00	Service Charge					151.00	21.14	172.14	20.38%	
Rates	644,500	678.72		678.72	Rates	1,470,100				1,220.71		1,220.71	79.85%	
Refuse		85.32	11.94	97.26	Refuse					93.85	13.14	106.99	10.00%	
				2,220.53									3,219.53	44.99%

2011/2012 EFFECT OF TARIFF INCREASES ON CUSTOMERS ACCOUNTS

					SMALL RESIDENTIAL KING DINUZULU									
ERF 568 KDS	2010/2011 FINANCIAL YEAR				ERF 568 KDS	2011/2012 FINANCIAL YEAR								
DETAILS	0-50KWH	TOTAL	VAT	TOTAL	DETAILS	0-50KWH	51-350KWH	351-600KWH	600>KWH	TOTAL	VAT	TOTAL	% INCREASE	
Unit Cost Per KWH	0.7				Unit Cost Per KWH	0.60	0.70	0.95	1.00					
Consumption (350 Units)	350				Consumption (350 Units)	50	300							
	245.00	245.00	34.30	279.30		30.00	210.00	0.00	0.00	240.00	33.60	273.60	-2.04%	
Service Charge		125.44	17.56	143.00	Service Charge					151.00	21.14	172.14	20.38%	
Rates	104,500	62.22		62.22	Rates	228,900				134.66		134.66	116.43%	
Refuse		59.1	8.27	67.37	Refuse					85.70	12.00	97.70	45.01%	
				551.90									678.10	22.87%
					MEDIUM RESIDENTIAL KING DINUZULU									
ERF 888 KDS	2010/2011 FINANCIAL YEAR				ERF 888 KDS	2011/2012 FINANCIAL YEAR								
DETAILS	0-50KWH	TOTAL	VAT	TOTAL	DETAILS	0-50KWH	51-350KWH	351-600KWH	600>KWH	TOTAL	VAT	TOTAL	% INCREASE	
Unit Cost Per KWH	0.7				Unit Cost Per KWH	0.60	0.70	0.95	1.00					
Consumption (599 Units)	599				Consumption (599 Units)	50	300	249						
	419.30	419.30	58.70	478.00		30.00	210.00	236.55	0.00	476.55	66.72	543.27	13.65%	
Service Charge		125.44	17.56	143.00	Service Charge					151.00	21.14	172.14	20.38%	
Rates	165,000	131.29		131.29	Rates	413,100				295.84		295.84	125.33%	
Refuse		59.1	8.27	67.37	Refuse					85.70	12.00	97.70	45.01%	
				819.67									1,108.94	35.29%
					LARGE RESIDENTIAL KING DINUZULU									
ERF 904 KDS	2010/2011 FINANCIAL YEAR				ERF 904 KDS	2011/2012 FINANCIAL YEAR								
DETAILS	0-50KWH	TOTAL	VAT	TOTAL	DETAILS	0-50KWH	51-350KWH	351-600KWH	600>KWH	TOTAL	VAT	TOTAL	% INCREASE	
Unit Cost Per KWH	0.7				Unit Cost Per KWH	0.60	0.70	0.95	1.00					
Consumption (1050 Units)	1050				Consumption (1050 Units)	50	300	250	450					
	735.00	735.00	102.90	837.90		30.00	210.00	237.50	450.00	927.50	129.85	1,057.35	26.19%	
Service Charge		125.44	17.56	143.00	Service Charge					151.00	21.14	172.14	20.38%	
Rates	280,000	262.58		262.58	Rates	511,900				382.29		382.29	45.59%	
Refuse		59.1	8.27	67.37	Refuse					85.70	12.00	97.70	45.01%	
				1,310.86									1,709.48	30.41%

10.4 Debtor's collection levels

The Finance Department endeavors to improve the collection levels of the outstanding debtor accounts by implementing the following:

- To execute termination of electricity supply by looking at the total outstanding account on the premises. This means that the electricity supply will be terminated if property rates is outstanding on the property
- To block the sale of pre paid electricity by looking at the total outstanding account, including property rates on the premises.
- An improved structure for arrangements and extensions of time for payment of outstanding debt.
- Quarterly meetings with the Council's attorneys to discuss problem areas on handed over cases.

10.5 Planned savings and efficiencies over the medium term revenue and expenditure framework

The following savings and efficiencies were discussed at management and Executive Committee level:

- Cut down on nice to have items in the operating expenditure and capital budgets.
- Cut down on unnecessary subsistence and travel to workshops and meetings that do not add value to the Council's operations.
- Managers of departments are instructed to improve the control of the overtime of their staff.
- The implementation plans in terms of the IDP must be developed and implemented in house by the relevant departments. Avoid the appointment of consultants.
- The Manager: Protection Services must ensure the productive utilization of the speeding camera/cameras
- To enhance the revenue on waste management, the Manager: Engineering services must identify which consumers are placing a burden on the waste transfer station. Design a new tariff structure.

10.6 Investments

At present the Council does not have investments to fund the operating or capital expenditure. The investment portfolio for the Council is investments for conditional grants received from National Treasury.

10.7 Planned proceeds from the lease of assets

Rental Facilities	
Description	Budgeted Amount for 2010/20113
Rents – Zululand Show Society	R 200-00
Rent – Sundry	R 56,460-00
Rent – Sugar Cane Lease	R 636,700-00
Leases – Land Ging	R 204,430-00
Rental – Road Reserve	R 190-00
Rent Received	R 88,510-00
Rent Received	R 6,610-00
Hire of Halls & Equipment	R 98,370-00
Hire of Building	R 7,100-00
Mtunzini Sugar Cane Farm	R 236,000-00
Total Budgeted for Rental Facilities	R1 334 570-00

10.8 Planned use of bank overdraft

- The Council's primary bank account is with First National Bank in Eshowe
- The overdraft facility at the bank is R5 000 000.
- It is envisaged that use will be made of the bank overdraft facility during the 2011/2012 budget year, due to payment of large amounts for capital projects while waiting for transfer of government grants

10.9 New borrowing proposed to be raised.
There is no capital project in the 2011/2012 budget year that requires external funding.

10.10 Budget allocations and grants to the municipality

Government grants and subsidies		
<i>Description</i>	<i>Operating</i>	<i>Capital</i>
National Government	63 954 620	33 317 988
Department of Co operative Governance and Traditional Affairs	1 790 000	
Provincial health subsidies	2 400 000	
Provincial Administration	2 050 000	
uThungulu District Municipality	583 120	
TOTAL	70 777 740	33 317 988

11. Expenditure on allocations and grant programmes

The expenditure on allocation and grant programmes are as follows:

Details	Operating Budget 2011/2012	Capital Budget 2011/2012
NATIONAL GOVERNMENT		
<u>EQUITABLE SHARE</u>		
Rates Fund Admin Contribution	24 364 920	
International Relations	100 000	
Free Refuse Service	1 024 800	
Sports Field - Security	350 000	
Rural Roads/Causeways	2 900 000	
Rural Advancement Projects (Community Halls)	855 000	
Sports Development (Flagship)	400 000	
Cultural Development (Flagship)	100 000	
Work Creation Projects (Flagship)	1 292 020	
Free Electricity i.t.o. National Gov Policy	1 065 000	
Humanitarian Indigent Support (Flagship)	400 000	
HIV Relief Fund (Flagship)	500 000	
Youth Development Programmes (Flagship)	400 000	
Rural Educational Enhancement	314 640	
Disaster Relief	700 000	
Community Support Programme (Flagship)	456 690	
Rehabilitation Urban Roads/Street	3 550 000	
Led Projects	2 000 000	
Ceremonial Events	100 000	
Commemorative Celebrations	150 000	
Community Halls/Rural Asset Management	300 000	
Housing – Top Up	2 000 000	
Solid Waste Projects	1 189 180	
Primary Health Contribution	1 612 770	
Rural Grounds Maintenance	400 000	
Poverty Alleviation (Flagship)	1 500 000	
Councillors Remuneration Grant	3 128 000	
Caretaking – Rural Buildings	300 000	
Depreciation Relief	3 201 600	
Sports fields Maintenance	1 800 000	
Increase in Eskom Supply	4 000 000	
Community Halls Maintenance – Urban	1 000 000	
Ward Committees	100 000	
Capital Projects Contribution		5 948 800

Eshowe Bus/Taxi Rank Contribution		3 100 000
New Administration Offices		2 000 000
Total Equitable Share	61 554 620	11 048 800
<u>Municipal Infrastructure Grant</u>		
Eshowe Testing Station Extension (Industrial Area) (Ward 11)		300 000
Imbalenhle Creché (Ward 8)		720 000
Simoyi Creché		592 977
Mbongolweni/mthombe Causeway & Road		275 625
Nhlanzanyoni Causeway (Ward 7)		950 000
Matshemhlophe Road (Ward 4)		200 000
Kangela Road Eshowe (Ward 11)		5 000 000
Internal Roads Upgrade of KDS Human Settlement (Ward 12)		3 500 000
<u>Municipal Infrastructure Grant continued...</u>		
Internal Roads Upgrade of Sunnysdale Human Settlement (Ward 11)		5 071 898
Butcher Street Roads (Ward 11)		1 990 696
Ohhahheni Road (Ward 22)		200 000
Retentions		980 000
Hhayinyana Sportsfield (Ward 6)		928 760
Hlohloko Sportsfield (Ward 9)		899 232
Total MIG Projects		21 609 188
LG Finance Management Grant	1 450 000	
Project Management Unit (MIG Projects)	950 000	
Department of Minerals and Energy		660 000
Total Grants	2 400 000	660 000

<u>COGTA</u>		
Municipal Systems Improvement Grant (MSIG)	790 000	
Establishment of pound grant	1 000 000	
Total COGTA	1 790 000	

Provincial Health Department		
Clinic Subsidy	2 400 000	
Total for Provincial Health Department	<u>2 400 000</u>	
Provincial Administration		
Museum Subsidy	220 000	
Community Library Services	193 000	
Provincialisation of Libraries	1 237 000	
Greenest Municipality	400 000	
Total Provincial Administration	<u>2 050 000</u>	
uThungulu District Municipality		
UDM: Salary Claims	583 120	
Total UDM	<u>583 120</u>	
TOTAL GRANT ALLOCATION	<u>70 777 740</u>	<u>33 317 988</u>

11.2 Reconciliation of DORA Gazetted Grants

- **Equitable Share Reconciliation 2010/2011**

1. **Operating Budget**

As per Municipality's Operation Budget	R70 777 740
Less:	
LG Finance Management Grant	R 1 450 000
Municipal Systems Infrastructure Grant	R 790 000
Establishment of Pound Grant	R 1 000 000
Clinic Subsidy	R 2 400 000
Museum Subsidy	R 220 000
Community Library Services	R 193 000
Provincialisation of Libraries	R 1 237 000
Greenest Municipality	R 400 000
UDM Salary Claims	R 583 120
Project Management Unit (MIG Projects)	<u>R 950 000</u>
Total Operating Budget Equitable Share (1)	<u>R61 554 620</u>

2. **Capital Budget**

As per Municipality's Capital Budget	R33 317 988
Less:	
Municipal Infrastructure Grant	R21 609 188
Eshowe Bus & Taxi rank contribution	R 3 100 000
Department of Minerals & Energy	<u>R 660 000</u>
	R 7 948 800

Add:

Additional Provision for Capital Budget

R 11 580

Total Capital Budget – Equitable Share (2)

R 7 960 380

Total Equitable Share as Gazetted (Add Totals 1&2)

R69 515 000

- **Municipal Infrastructure Grant Reconciliation 2010/2011**

As per Capital Budget MIG Allocation

R21 609 188

Add: PMU Admin Fees – 5%

R 950 000

Total MIG as Gazetted

R22 559 188

- **LG Municipal Finance Management Grant**

LG Finance Management Grant

R 1 450 000

- **Municipal Systems Infrastructure Grant**

Municipal Systems Infrastructure Grant

R 790 000

11.3 HEREUNDER FOLLOWS THE PROPOSED EQUITABLE SHARE GRANT ALLOCATIONS, FOR THE
NEXT 3 BUDGET YEARS

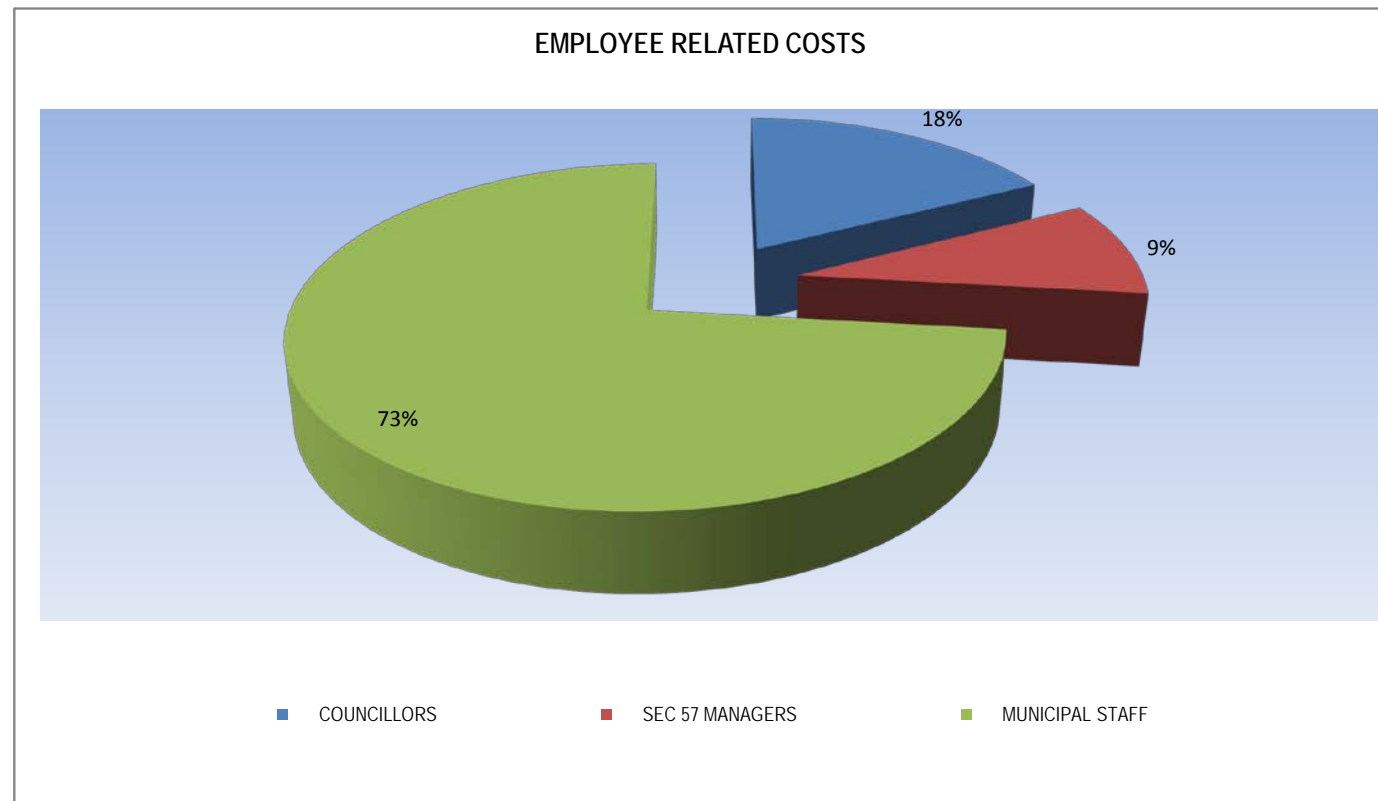
DETAILS	BUDGET 2011/2012	BUDGET 2012/2013	BUDGET 2013/2014
International relations	100,000	100,000	100,000
Communtiy halls maintenance (Rural)	300,000	500,000	800,000
Communtiy halls maintenance (Urban)	1,000,000	500,000	800,000
Rural community halls	855,000	500,000	500,000
Care taking: rural buildings	300,000	400,000	500,000
Valuation expenses			
Youth development	400,000	500,000	500,000
Rural education (Creches)	314,640	300,000	300,000
Community support programme	456,690	200,000	200,000
Local economic development (LED)	2,000,000	3,500,000	3,500,000
Ceremonial events	100,000	100,000	100,000
Commemorative celebrations	150,000	150,000	150,000
Rates relief	24,364,920	23,973,060	24,798,810
Depreciation on assets contribution	3,201,600	5,282,650	5,810,900
Poverty alleviation	1,500,000	2,500,000	2,500,000
Ward committee expenses	100,000		
Councillor's remuneration	3,128,000	3,303,000	3,495,000
Animal pound facility	-	552,810	585,980
Disaster assistance	700,000	1,500,000	1,300,000
Humanitarian assistance	400,000	800,000	700,000
Sport development	400,000	500,000	500,000
Cultural development	100,000	100,000	100,000
HIV Relief	500,000	500,000	500,000
Clinics subsidy contribution	1,612,770	1,782,260	1,993,200
Work creation projects	1,292,020	2,500,000	2,822,880
Sports fields - security	350,000	360,000	380,000
Sports fields - maintenance	1,800,000		
Rural grounds maintenance	400,000	1,558,730	2,000,000
Rural roads and causeways	2,900,000	2,700,000	2,800,000
Rehabilitation of urban roads	3,550,000	2,700,000	2,800,000
Barriers and shelters	-	-	-
Free refuse	1,024,800	1,257,500	1,383,200
Solid waste relief	1,189,180	571,990	200,000
Sunnydale housing top up		4,200,000	
Naickerville housing top up	2,000,000		
Mpushini Park housing top up			8,400,000
Free electricity	1,065,000	1,117,000	1,174,000
Increase in Eskom supply	4,000,000	4,000,000	3,453,930
New administrastion offices (Alpha control)	2,000,000		
Renewal of urban community halls		2,000,000	
Capital projects contribution	5,960,380	6,318,000	6,697,100
Eshowe bus and taxi rank contribution			
Purchase of Propnet properties (Gingindlovu)			
	<u>69,515,000</u>	<u>76,827,000</u>	<u>81,845,000</u>

12. Councillor Allowances and Employee Benefits

12.1 Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Salary		5,834	6,218	6,587	7,149	6,934	6,934	7,384	7,828	8,297
Pension Contributions		573	638	695	792	770	770	816	865	917
Medical Aid Contributions		73	111	121	169	121	121	128	136	144
Motor vehicle allowance		2,095	2,335	2,545	2,717	2,621	2,621	2,790	2,957	3,135
Cell phone allowance		479	531	579	622	600	600	639	677	718
Housing allowance		38	38	38	41	38	38	41	43	46
Other benefits or allowances						-	-			
In-kind benefits						-	-			
Sub Total - Councillors		9,092	9,871	10,565	11,491	11,083	11,083	11,798	12,506	13,256
% increase	4		8.6%	7.0%	8.8%	(3.5%)	-	6.4%	6.0%	6.0%
Senior Managers of the Municipality	2									
Salary		1,865	2,454	2,999	3,588	3,588	3,588	3,954	4,246	4,557
Pension Contributions		381	489	555	613	613	613	677	728	782
Medical Aid Contributions		70	68	-	-	-	-	-	-	-
Motor vehicle allowance		698	694	896	896	896	896	790	790	790
Cell phone allowance		-	-	-	84	84	84	60	60	60
Housing allowance		-	7	-	-	-	-	-	-	-
Performance Bonus		146	346	608	721	721	721	765	814	865
Other benefits or allowances		45	51	48	57	57	57	45	47	50
In-kind benefits					-	-	-			
Sub Total - Senior Managers of Municipality		3,205	4,109	5,106	5,959	5,959	5,959	6,292	6,685	7,104
% increase	4		28.2%	24.3%	16.7%	-	-	5.6%	6.3%	6.3%
Other Municipal Staff										
Basic Salaries and Wages		22,743	23,111	27,852	33,586	34,374	32,539	34,636	37,285	40,053
Pension Contributions		3,591	3,763	4,547	6,025	5,403	5,281	6,157	6,626	7,123
Medical Aid Contributions		1,130	1,207	1,491	1,789	1,814	1,812	2,176	2,389	2,623
Motor vehicle allowance		-	1,584	1,614	1,593	1,761	2,279	1,303	1,303	1,303
Cell phone allowance		-	-	-	156	156	156	187	187	187
Housing allowance		-	195	201	145	145	159	163	163	163
Overtime		1,039	1,661	2,064	1,224	2,064	2,521	2,593	2,804	3,023
Performance Bonus		-	242	-	266	-	-	-	-	-
Other benefits or allowances		625	674	1,409	1,076	1,299	1,038	2,248	2,400	2,562
In-kind benefits										
Sub Total - Other Municipal Staff		29,128	32,437	39,179	45,859	47,014	45,787	49,463	53,156	57,038
% increase	4		11.4%	20.8%	17.1%	2.5%	(2.6%)	8.0%	7.5%	7.3%
Total Parent Municipality		41,425	46,417	54,849	63,309	64,057	62,829	67,553	72,347	77,397
			12.1%	18.2%	15.4%	1.2%	(1.9%)	7.5%	7.1%	7.0%
TOTAL SALARY, ALLOWANCES &		41,425	46,417	54,849	63,309	64,057	62,829	67,553	72,347	77,397
% increase	4		12.1%	18.2%	15.4%	1.2%	(1.9%)	7.5%	7.1%	7.0%
TOTAL MANAGERS AND STAFF	5	32,332	36,546	44,285	51,818	52,973	51,746	55,755	59,841	64,141

BUDGET - EMPLOYEE RELATED COSTS	
2011/2012 Budget	
DESCRIPTION	BUDGET YEAR 2010/2011 R'000
COUNCILLORS	11798
SEC 57 MANAGERS	6292
MUNICIPAL STAFF	49463
TOTAL EXPENDITURE	67553



12.2 Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No. 10	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.			2.	3.
Councillors	4							
Speaker	5	1	322,496	48,136	142,573			513,205
Chief Whip		1	302,354	45,115	134,852			482,321
Executive Mayor		1	387,143	76,150	173,461			636,754
Deputy Executive Mayor		1	177,260	26,589	79,817			283,666
Executive Committee		6	1,006,081	140,563	453,423			1,600,068
Total for all other councillors		42	5,189,160	607,762	2,484,822			8,281,744
Total Councillors	9	52	7,384,494	944,315	3,468,949			11,797,758
Senior Managers of the Municipality	6							
Municipal Manager (MM)		1	855,854	155,872	84,000	153,402		1,249,128
Chief Finance Officer		1	533,179	108,333	142,000	108,012		891,523
Deputy City Manager - Corporate Services		1	448,524	113,631	156,830	98,978		817,963
Deputy City Manager - Protection Services		1	546,673	12,431	159,882	98,978		817,963
Deputy City Manager - Community Services		1	448,524	113,631	156,830	98,978		817,963
Deputy City Manager - Engineering Services		1	480,038	88,084	150,863	98,978		817,963
<i>List of each official with packages >= senior manager</i>								
Deputy Municipal Manager		1	641,478	130,034	–	108,012		879,523
Deputy Chief Financial Officer		1	404,611	82,571	82,012			569,195
Total Senior Managers of the Municipality	9	8	4,358,882	804,586	932,417	765,337	–	6,861,221

12.3 Summary of personnel numbers

Summary of Personnel Numbers		2009/10			Current Year 2010/11			Budget Year 2011/12		
Number	Ref	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		52	3	49	52	3	49	52	3	49
Municipal employees	5									
Municipal Manager and Senior Managers	3	7		7	7		7	7		7
Other Managers	7	8	8		8	8		8	8	
Professionals		9	9	–	10	10	–	10	10	–
<i>Finance</i>		5	5		5	5		5	5	
<i>Spatial/town planning</i>		4	4		4	4		4	4	
<i>Other</i>					1	1		1	1	
Technicians		273	273	–	273	273	–	283	283	–
<i>Finance</i>		18	18		18	18		18	18	
<i>Spatial/town planning</i>		31	31		31	31		31	31	
<i>Information Technology</i>		4	4		4	4		4	4	
<i>Roads</i>		23	23		23	23		23	23	
<i>Electricity</i>		22	22		22	22		22	22	
<i>Refuse</i>		25	25		25	25		25	25	
<i>Other</i>		150	150		150	150		160	160	
Clerks (Clerical and administrative)		12	12		13	13		13	13	
TOTAL PERSONNEL NUMBERS		361	305	56	363	307	56	373	317	56
% increase					0.6%	0.7%	–	2.8%	3.3%	–
Total municipal employees headcount	6	309	309		311	311		321	321	
Finance personnel headcount	8	27	27		27	27		27	27	
Human Resources personnel headcount	8	2	2		2	2		2	2	

13. MONTHLY TARGETS FOR REVENUE AND CASHFLOW

13.1 Hereunder follows a consolidated projection for revenue by source and expenditure by type

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	Nov	Dec	Jan	Feb	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source																
Property rates		3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	38,920	40,442	42,059
Property rates - penalties & collection charges		93	93	93	93	93	93	93	93	93	93	93	93	1,116	1,049	997
Service charges - electricity revenue		4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	4,014	48,171	56,896	67,043
Service charges - refuse revenue		597	597	597	597	597	597	597	597	597	597	597	597	7,165	8,399	9,238
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		111	111	111	111	111	111	111	111	111	111	111	111	1,335	1,412	1,494
Interest earned - external investments		29	29	29	29	29	29	29	29	29	29	29	29	350	350	350
Fines		325	325	325	325	325	325	325	325	325	325	325	325	3,904	4,100	4,306
Licences and permits		255	255	255	255	255	255	255	255	255	255	255	255	3,060	3,212	3,373
Transfers recognised - operational		5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	70,778	76,664	85,530
Other revenue		312	312	312	312	312	312	312	312	312	312	312	312	3,738	3,832	3,955
Gains on disposal of PPE		17	17	17	17	17	17	17	17	17	17	17	17	200	200	200
Total Revenue (excluding capital transfers and contributions)		14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	178,736	196,555	218,546
Expenditure By Type																
Employee related costs		4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	4,646	55,755	59,841	64,141
Remuneration of councillors		983	983	983	983	983	983	983	983	983	983	983	983	11,798	12,506	13,256
Depreciation & asset impairment		667	667	667	667	667	667	667	667	667	667	667	667	8,004	8,804	9,685
Finance charges		74	74	74	74	74	74	74	74	74	74	74	74	892	854	818
Bulk purchases		2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	26,231	33,024	41,280
Contracted services		1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	15,204	15,448	16,017
Transfers and grants		36	36	36	36	36	36	36	36	36	36	36	36	437	461	485
Other expenditure		5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	5,020	60,245	65,584	72,791
Total Expenditure		14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	178,565	196,522	218,474
Surplus/(Deficit)		14	14	14	14	14	14	14	14	14	14	14	14	171	33	72
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		14	14	14	14	14	14	14	14	14	14	14	14	171	33	72
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	14	14	14	14	14	14	14	14	14	14	14	14	171	33	72

13.2 Hereunder follows a consolidated projectio for revenue and operating expenditure by vote

R thousand	Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure		
			July	August	Sept.	October	Nov	Dec	Jan	Feb	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue by Vote																	
	Vote1 - EXECUTIVE AND COUNCIL		6,539	6,539	6,539	6,539	6,539	6,539	6,539	6,539	6,539	6,539	6,539	78,472	84,101	87,370	
	Vote2 - BUDGET AND TREASURY OFFICE		217	217	217	217	217	217	217	217	217	217	217	2,607	2,593	2,793	
	Vote3 - CORPORATE SERVICES		225	225	225	225	225	225	225	225	225	225	225	2,701	2,171	2,896	
	Vote4 - PLANNING AND DEVELOPMENT		123	123	123	123	123	123	123	123	123	123	123	1,481	1,118	1,345	
	Vote5 - HEALTH		500	500	500	500	500	500	500	500	500	500	500	5,996	6,820	7,057	
	Vote6 - COMMUNITY AND SOCIAL SERVICES		152	152	152	152	152	152	152	152	152	152	152	1,825	1,918	3,449	
	Vote7 - HOUSING		180	180	180	180	180	180	180	180	180	180	180	2,160	4,367	8,575	
	Vote8 - PUBLIC SAFETY		453	453	453	453	453	453	453	453	453	453	453	5,430	5,979	6,017	
	Vote9 - SPORTS AND RECREATION		383	383	383	383	383	383	383	383	383	383	383	4,599	4,080	4,524	
	Vote10 - WASTE MANAGEMENT		821	821	821	821	821	821	821	821	821	821	821	9,853	10,736	11,365	
	Vote11 - ROAD TRANSPORT		825	825	825	825	825	825	825	825	825	825	825	9,899	10,160	10,961	
	Vote12 - ELECTRICITY		4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	53,714	62,513	72,193	
	Vote13 - AIR TRANSPORT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote14 - WORKSHOP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue by Vote			14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	14,895	178,736	196,555	218,546	
Expenditure by Vote to be appropriated																	
	Vote1 - EXECUTIVE AND COUNCIL		4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	4,182	50,186	54,636	57,350	
	Vote2 - BUDGET AND TREASURY OFFICE		686	686	686	686	686	686	686	686	686	686	686	8,231	8,732	9,471	
	Vote3 - CORPORATE SERVICES		685	685	685	685	685	685	685	685	685	685	685	8,215	8,067	9,205	
	Vote4 - PLANNING AND DEVELOPMENT		252	252	252	252	252	252	252	252	252	252	252	3,025	2,756	3,086	
	Vote5 - HEALTH		671	671	671	671	671	671	671	671	671	671	671	8,049	9,026	9,465	
	Vote6 - COMMUNITY AND SOCIAL SERVICES		210	210	210	210	210	210	210	210	210	210	210	2,514	2,494	2,680	
	Vote7 - HOUSING		179	179	179	179	179	179	179	179	179	179	179	2,144	4,347	8,550	
	Vote8 - PUBLIC SAFETY		1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	14,861	16,130	16,648	
	Vote9 - SPORTS AND RECREATION		870	870	870	870	870	870	870	870	870	870	870	10,443	10,352	11,332	
	Vote10 - WASTE MANAGEMENT		990	990	990	990	990	990	990	990	990	990	990	11,881	12,841	13,737	
	Vote11 - ROAD TRANSPORT		1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	14,183	14,678	15,764	
	Vote12 - ELECTRICITY		3,691	3,691	3,691	3,691	3,691	3,691	3,691	3,691	3,691	3,691	3,691	44,294	51,993	60,680	
	Vote13 - AIR TRANSPORT		1	1	1	1	1	1	1	1	1	1	1	11	12	12	
	Vote14 - WORKSHOP		44	44	44	44	44	44	44	44	44	44	44	528	459	494	
	Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure by Vote			14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	14,880	178,565	196,522	218,474	
Surplus/(Deficit) before assoc.			14	14	14	14	14	14	14	14	14	14	14	171	33	72	
Surplus/(Deficit)		1	14	14	14	14	14	14	14	14	14	14	14	171	33	72	

13.3 Hereunder follows a consolidated projection of capital expenditure by vote

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure		
		July	August	Sept.	Oct	Nov.	Dec.	Jan	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Multi-year expenditure to be appropriated	1															
Vote1 - EXECUTIVE AND COUNCIL		-	-	-	22	-	52	-	-	5	-	-	-	79	74	406
Vote2 - BUDGET AND TREASURY OFFICE		-	70	56	70	67	84	-	70	125	67	-	-	609	373	411
Vote3 - CORPORATE SERVICES		-	-	895	600	695	75	-	-	300	100	-	20	2,685	2,940	1,880
Vote4 - PLANNING AND DEVELOPMENT		-	-	-	-	75	-	-	-	-	150	-	-	225	80	-
Vote5 - HEALTH		-	-	-	50	12	-	59	-	-	-	-	-	120	50	-
Vote6 - COMMUNITY AND SOCIAL SERVICES		-	50	-	240	240	240	348	358	198	-	-	(0)	1,673	355	370
Vote7 - HOUSING		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote8 - PUBLIC SAFETY		17	250	-	20	25	-	-	250	330	-	-	-	892	580	935
Vote9 - SPORTS AND RECREATION		-	70	780	205	380	380	380	380	155	-	-	0	2,728	640	841
Vote10 - WASTE MANAGEMENT		-	200	-	30	50	-	-	-	-	-	-	-	280	80	1,445
Vote11 - ROAD TRANSPORT		476	2,369	4,233	4,283	3,237	2,987	486	3,636	386	406	98	98	22,693	27,360	30,980
Vote12 - ELECTRICITY		660	-	125	50	-	40	-	-	276	138	-	-	1,289	1,860	2,738
Vote13 - AIR TRANSPORT		-	-	0	0	0	0	0	0	0	0	0	(0)	-	-	-
Vote14 - WORKSHOP		-	-	-	45	-	-	-	-	-	-	-	-	45	40	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	1,153	3,009	6,089	5,615	4,780	3,858	1,272	4,693	1,774	860	98	118	33,318	34,432	40,006
Total Capital Expenditure	2	1,153	3,009	6,089	5,615	4,780	3,858	1,272	4,693	1,774	860	98	118	33,318	34,432	40,006

14. Annual budgets and service delivery and budget implementation plans-internal departments



QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2011/2012

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Department – Municipal Managers Office <u>KPA: Municipal financial viability and management</u> Vote: Executive and Council 1. <u>Mayoral Office</u> Report on implementation of budget Performance indicators in S D B I P Performance agreements in S D B I P Time schedule of key deadlines for budget and IDP process Mid year performance assessment report Adjustments budget Annual report Draft budge, revisions to IDP, resolutions and other related documents Issues raised in Auditors-General report Consultation on draft budget Responds to submissions of community Service Delivery and Budget Implementation Plan	Submit quarterly to Council Made public in July 2011 Made public in July 2011 Tabled in August 2011 Tabled in January 2012 Tabled in January 2012 Tabled in January 2012 Tabled in March 2012 Addressed in March 2012 No. of meetings in April 2012 Amends budget in May 2012 Approve in May 2012	4 1 1 1 1 1 1 1 1 1 1 1 7 1 1		1 1 1 1 								

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2011/2012

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
2. Municipal Manager												
Monthly budget statement to Mayor and PT	No of statements	11		3		2		3		3		
Monthly budget statements and mid year budget and performance assessment	Consolidate in July 2011	1		1								
Consolidated report of withdrawals report to Council on the expenditure incurred on staff salaries, wages, allowances & benefits	Submit quarterly to Council	4		1		1		1		1		
Time schedule of key deadlines for budget and IDP process	Made public in August 2011	1		1								
Annual financial statements to Auditor General	Submit end of August 2011	1		1								
Internal Strategic Consultation processes	Start in October 2011	2				2						
Engages with national and provincial sector Depts. on sector specific programmes for alignment with IDP	Begins in September 2011	2		1		1						
Impact of different service delivery levels on rates and tariffs	Inform community in October 2011	1				1						
National policies, budget plans and potential price increases of bulk resources	Review with dept heads in Oct 2011	1				1						
Changes to the IDP for incorporation into IDP review	Review in November 2011	1				1						
Mid year performance assessment report to Mayor, N T & P T	Submit in January 2012	1						1				
Annual report	Make public in March 2012	1						1				
Annual report to AG, PT and D T & LG	Submit in March 2012	1						1				
National and Provincial allocations	Review in February 2012	1						1				

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2011/2012

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
Municipal Manager (continues)												
Draft budget and plans for next 3 years to Mayor	Submit in March 2012	1						1				
Oversight report of annual report	Made public in March 2012	1						1				
Draft budget, plans and proposed revisions to IDP	Publish in March 2012	1						1				
Approved budget and budget related policies	Publish in June 2012	1								1		
SDBIP and annual performance agreements to Mayor	Submit in June 2012	1								1		
Approved SDBIP to National Treasury	Submit in June 2012	1								1		
<u>KPA: Municipal transformation and organizational development</u>												
Vote: Executive and Council												
<u>Municipal Manager</u>												
Departmental Communication	No of staff meetings	12		3		3		3		3		
	No of EXCO meetings	11		3		3		2		3		
	No of dept strategic meetings	12		3		3		3		3		
New Municipal IDP	Complete by January 2012	100%	R 100 000			75%		100%				
Amend and align PMS with IDP	Complete by January 2012	100%				75%		100%				
Performance agreements of S57 managers signed	No of agreements signed by June 2011	6		6								
(OPMS) Operational performance management system	No of reports to Council	2				1				1		
Mid year performance report	Submit by January 2012	1						1				
Annual performance report	Submit by July 2011	1		1								
Quarterly performance evaluation of S57 Managers	No of evaluations	4		1		1		1		1		
<u>KPA: Local economic development</u>												
Vote: Executive and Council												
<u>Municipal Manager</u>												
Local economic development projects	Rand value on budget spend		R2000000	R500 000		R500 000		R500 000		R500 000		
Establish sustainable SMME's	Rand value											
Capacity building initiative	No of initiatives	100		25		25		25		25		

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2011/2012

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
KPA: <u>Good Governance and public participation</u> Vote: Executive and Council <u>Municipal Manager</u> Involve ward committees in IDP process IDP Road shows IDP representative forum meetings Financial Audit committee Performance Audit committee Implement anti corruption/fraud prevention Plan Risk areas in accordance with Council's Risk Assessment Plan KPA: <u>Basic Service Delivery</u> Vote: Executive and Council <u>Municipal Manager</u> Furniture (Municipal Manager) Furniture (Deputy Municipal Manager)	No of Ward held committee meetings No of roadshows conducted No of rep forum meetings No of meetings No of meetings Quarterly reports Quarterly reports Deliver in February 2012 Deliver in November 2011	104 52 2 4 2 4 4	R150000 R660 000 R5 000 R5 200	26 26 1 1 1 1 1		26 1 1 1 1		26 26 1 1 1 1		26 1 1		



QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2011/2012

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
Department – Corporate Services												
<u>KPA: Municipal financial viability and management</u>												
1. Vote: Finance & Administration												
1.1 Administration												
Draft 2012/2013 Departmental budget	Submit in November 2011	1				1						
Draft Departmental SDBIP	Submit in February 2012	1						1				
Approved 2011/2012 budget by Council	Published in June 2011	1		1								
<u>KPA: Municipal transformation and organizational development</u>												
Vote: Finance & Administration												
Administration												
Departmental Communication	No of staff meetings	12		3		3		3		3		
	No of EXCO meetings	11		3		3		2		3		
	No of Council meetings	4		1		1		1		1		
	Portfolio	6		1		1		2		2		
	Finance	11		3		3		2		3		
	Local Labour Forum	4		1		1		1		1		
Training needs of staff & Councillors	No of staff & Cllrs trainees	80	R600000	20		20		20		20		
Workplace skills plan	Completion and adoption by											
Implement HR strategy	30 June 2012	1				25%		75%		100%		
	Workshop by January 2012	1						100%				
<u>KPA: Local Economic Development</u>												
Vote: Finance & Administration												
Administration												
Employment equity plan	Reports to Local Labour Forum	4		1		1		1		1		

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2011/2012

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
Department – Corporate Services (continues) <u>KPA: Good Governance and public participation</u>												
Vote: Finance & Administration												
Administration												
Review existing policies	No of policies	8		2		2		2		2		
Compilation agenda & minutes	No of agendas and minutes	100		25		25		25		25		
Municipal website	No of uploads	12		3		3		3		3		
Publish draft 2012/2013 budget	Publish in April 2012 & website	1								1		
Performance agreement and SDBIP	Made public in July 2012	1		1								
<u>KPA: Basic Service Delivery</u>												
Vote: Finance & Administration												
Administration												
Purchase furniture and fittings	Deliver in October 2011	1	R 20 000			100%						
Purchase Spoornet property in Eshowe	Complete by 31 December 2011	1	R220 000	25%		100%						
1.2 Office of the Mayor												
Purchase Furniture	Deliver in September 2011	1	R 22 000	1								
1.3 Town Hall & Offices												
Purchase of furniture and fittings	Deliver in August 2011	1	R 95 000	1								
Upgrade community Halls	Complete by March 2012	100%	R200 000					100%				
Furniture & fittings (museum)	Deliver in January 2012	1	R 10 000					100%				
Caretaking rural buildings (Equitable share)	No of caretakers	26	R300 000	26								
1.4 Libraries												
Purchase equipment, furniture and fittings	Deliver in Oct 2011	1	R 50 000			100%						
2. Vote: Housing												
Housing scheme-Gingindlovu	Project complete by June 2012	100%	R2900000			25%		75%		100%		



MEDIUM TERM REVENUE & EXP FORECASTS				
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QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2011/2012

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
<u>KPA: Local Economic Development</u>												
Vote: Public Safety												
2.2 Fire Fighting												
Municipal disaster management plan	No of awareness campaigns	4		1		1		1		1		
<u>KPA: Basic Service Delivery</u>												
Vote: Public Safety												
Fire Fighting												
Fire inspections-businesses	No of inspections	100		25		25		25		25		
Rural fire prevention training	No of training sessions	3		1		1		1				
Equipment for fire stations	Deliver in July 2011	100%	R 17 000	100%								
Firefighting equipment	Deliver in January 2012	100%	R250 000					100%				
<u>KPA: Basic Service Delivery</u>												
3. Vote: Road Transport												
3.1 Testing Grounds												
Examination of vehicles	No of vehicles	800		200		200		200		200		
Motor registration & licensing:	Units of one hundred	120		30		30		30		30		
Driver's Licenses: Bookings	No of bookings	1200		300		300		300		300		
Passed	No of passes	560		140		140		140		140		
Learners licenses: Bookings	No of bookings	1800	R300 000	450		450		450		450		
Passed	No of passes	480		120		120		120		120		
Planning for testing station	Complete by September 2011	100%		100%								
Law enforcement	Value of fines											



MEDIUM TERM REVENUE & EXP FORECASTS

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2010/2011

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Department-Financial Services (continues)												
Draft 2012/2013 budget to Provincial Treasury (1 copy)	Completed and mailed in April 2012	1								1		
Final 2012/2013 budget	Tabled in May 2012	1								1		
Final 2012/2013 budget to National Treasury	Forwarded in June 2012	1								1		
Final SDBIP for 2012/2013	Approved in June 2012	1								1		
<u>KPA: Municipal financial viability and Management</u>												
Vote: Finance & Admin												
1.2 Revenue												
Report on credit control, debt collection & indigent management to Finance Committee.	No of reports	11		3		2		3		3		
Meetings with Council's attorneys to discuss progress on handed over debtors.	No of meetings	4		1		1		1		1		
Steering committee meetings with council's Valuers.	No of meetings	4		1		1		1		1		
Debtor reconciliations	Completed by the 15 th of the month	12		3		3		3		3		
Indigent Support-quarterly report to council	No of reports	4		1		1		1		1		
Indigent support –reports displayed at cashier offices	No of reports	4		1		1		1		1		
<u>KPA: Municipal financial viability and Management</u>												
Vote: Finance & Admin												
1.3 Expenditure												
SCM Policy-revise	Completed by December 2011	100%				100%						
DoRA reports on all grants received	Submitted monthly	12		3		3		3		3		
SCM reports in accordance with regulations, policy & procedures.	Submitted monthly	12		3		3		3		3		
Payroll is completed timorously & accurately	Completed within 7 working days of the end of the month	100%		100%		100%		100%		100%		
Payment of creditors on time in terms of												
Section 65 of MFMA	No of creditors paid on time	100%		100%		100%		100%		100%		
<u>KPA: Local Economic development</u>												
Vote: Finance & Admin												
Ensure procurement policy is gender & disabled sensitive	Bi annual reports to EXCO	2%				1%				2%		
<u>KPA: Basic service delivery</u>												
Vote: Finance & Admin												
1.4 SCM Unit												
Lightning protection	Install in August 2011	100%	R35000	100%								
Furniture	Deliver in November 2011	100%	R14000			100%						
Equipment	Deliver in October 2011	100%	R42000			100%						
Building upgrade	Complete in February 2012	100%	R85000					100%				



QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2011/2012

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending Sept		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Actual	Projected	Actual	Projected	Actual	
Department-Community Services (Manager: Community Services)												
<u>KPA: Municipal financial viability and management</u>												
1. Vote: Finance & Admin												
Draft 2012/2013 Departmental budget	Submit in November 2011	1				1						
Draft Departmental SDBIP	Submit in February 2012	1						1				
<u>KPA: Municipal transformation and organizational development</u>												
Vote: Finance & Admin												
Departmental Communication	No of staff meetings	12		3		3		3		3		
Liaison with UDM and Coastal Management working group	No of EXCO meetings	11		3		3		2		3		
	No of meetings	4		1		1		1		1		
<u>KPA: Local Economic development</u>												
Vote: Finance & Admin												
Job creation	No of jobs created	100	R1292000	100								
<u>KPA: Good Governance & public participation</u>												
Vote: Finance & Admin												
Compilation agendas & minutes	No of agenda & minutes	40		10		10		10		10		
SLA Environment /SLA Clinics	Signing & compliance of SLA	1						1				
<u>KPA: Basic Service Delivery</u>												
2. Vote: Community & Social Services												
Liaison with Dept of health to ensure an acceptable level of health care	No of portfolio meetings	6		2		1		2		1		
Cemeteries graves	No of graves dug	960		240		240		240		240		
Prepare cemetery sector plan	Complete by June 2012	1	R150 000			25%		75%		100%		
Playground fencing	Complete September 2011	100%	R 50 000	100%								
Sports development: Equit Share	No of events	2	R400 000			1		1				
Cultural development: Equit Share	No of events	1	R100 000	1								
HIV relief: Equit share	No of assistance rendered	360	R500 000	90		90		90		90		
Youth Development Programmes :equit share	No of programmes	2	R400 000	1		1						
Palisade fencing at Eshowe cemetery:	Complete in March 2012	100%	R300 000					100%				
Furniture: Clinics	Deliver in March 2012	100%	R 11 500			100%						
Equipment : Clinics	Deliver in March 2012	100%	R 58 800			100%						
Local aids council	Established by June 2012	100%				50%		75%		100%		
New cemetery pathways	No of meters	130	R200000			130						

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2011/2012

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Department-Community Services (continues)												
3. Vote: Sport & Recreation												
Weed eradication programme	No of hectares	100	R220500	25		25		25		25		
Grass cutting programme	No of hectares cut	900		225		225		225		225		
Brushcutters	Delivered in September 2011	100%	R 50 000	100%								
Mowers	Deliver in August 2011	100%	R 70 000	100%								
Chainsaws	Deliver in August 2011	100%	R 40 000	100%								
Repair Sunnysdale Pool	Complete in August 2011	100%	R740 000	100%								



QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2010/2011

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending Sept		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Act	Projected	Act	Projected	Act	
Department-Technical Services (Manager Engineer Services)												
<u>KPA: Municipal financial viability & Management</u>												
Vote: Finance & Administration												
Draft 2012/2013 Departmental budget	Submit in November 2011	1				1		1				
Draft Departmental SDBIP	Submit in February 2012	1										
<u>KPA: Municipal transformation & Organizational Development</u>												
Vote: Finance & Administration												
Departmental Communication	No of staff meetings	12		3		3		3		3		
	No of EXCO meetings	11		3		3		2		3		
	General staff	2				1				1		
<u>KPA: Good Governance & public participation</u>												
Vote: Finance & Administration												
Compilation agendas & minutes	No of portfolio meetings	6		2		2		1		1		
	No of Staff meetings	11		3		3		2		3		
	No of General meetings	2				1				1		
	No of Task meetings	6		2		2		1		1		
	No of PMU meetings	6		2		2		1		1		
	Other	12		3		3		3		3		
<u>KPA: Basic Service Delivery</u>												
Vote: Finance & Administration												
Security:												
Reception Offices	Complete in March 2012	100%	R150 000					100%				
Mtunzini & Gingindlovu offices	Complete in October 2011	100%	R 75 000			100%						
New admin offices	Complete by February 2012	1	R2000000					100%				
Community halls main (Equitable Share)	No of halls	6	R300000			2		2		2		
Vote: Planning & Development												
Building inspections conducted	No of building inspections	200		50		50		50		50		
Property inspections conducted	No of property inspections	400		100		100		100		100		

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2010/2011

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending Sept		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Act	Projected	Act	Projected	Act	Projected	Act	
Department-Technical Services (continues)												
Vote: Community & Social Services												
Consult with UDM that water & sanitation needs are catered for in the UDM (WSDP). Consult with Eskom and UDM so that uMlalazi residents receive free basic electricity.	No of meetings attended	4		1		1		1		1		
LEDWork Creation (Equit share)	No of meetings attended	4		1		1		1		1		
Sportsfield maintenance (Equit Share)	No of jobs created	200	R3192020	50		100		150		200		
Imbalenhle crèche (ward 8)	No of sportsfields	5	R1800000	2		1		2				
Simoyi crèche	Complete in November 2011	100%				100%						
Rural community halls (Equit share)	Complete in February 2012	100%	R720 000					100%				
Creches (equit share)	No of halls	2	R592 980			1		1				
	No of creches	3	R500 000			1		2				
			R300 000									
Vote: Sports & Recreation												
Hlayinyana sportsfield ward 6	Complete in February 2012	100%						100%				
Hloholoko sportsfield ward 9	Complete in January 2012	100%	R928 760					100%				
			R899 230									
Vote: Refuse Removal												
Recycling Programme	No of reports to Portfolio committee	6		2		1		2		1		
Refuse skips and mass containers	Delivered in October 2011	100%				100%						
Refuse bins	Delivered in February 2012	100%	R 50 000	100%								
Waste management plan- report tonnages to regional refuse site			R 30 000									
Provide free refuse to indigent households	No of reports	6		2		1		2		1		
Chipper machines	No of households	900	R1024000	900		900		900		900		
Recycling separation area	Deliver in December 2011	2	R300000			2						
	Complete by March 2012	100%	R100000					100%				

QUARTERLY PROJECTIONS FOR SERVICE DELIVERY TARGETS AND OTHER PERFORMANCE INDICATORS: 2010/2011

Vote/Indicator	Unit of Measurement	Annual Target	Budget	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Department-Technical Services (continues)												
Vote: Road Transport												
Municipal services infrastructure maintenance plan-buildings.	No of reports to Portfolio committee	4		1		1		1		1		
Municipal roads programme	No of reports to Portfolio committee	4	R5450000	1		1		1		1		
Storm Water Management	Complete by September 2011	100%	R250 000	100%								
Eshowe Pavement management	Complete by November 2011	100%	R250 000			100%						
Survey instrument	Deliver in July 2011	1	R 95 000	1								
Eshowe Sidewalks	Complete in March 2012	100%	R300 000					100%				
Bomag	Deliver by August 2011	1	R 60 000	1								
Public transport facilities	Complete in September 2011	100%	R100 000					100%				
Speed humps	Complete in February 2012	100%	R 70 000					100%				
Rural roads/causeways (Equit share)	Complete by 30 April 2012	100%	R2900000			25%		50%		100%		
Rehabilitation of urban roads(equit share)	Complete by 30 April 2012	100%	R2550000			25%		50%		100%		
Eshowe Bus & Taxi rank-informal trading proj	Complete by January 2012	100%	R3100000					100%				
Matshemhlophe road –ward 4	Complete by July 2011	100%	R200 000	100%								
Kangela Road – ward 11	Complete by November 2011	100%	R5000000			100%						
KDS internal roads –ward 12	Complete by November 2011	100%	R3500000			100%						
Sunnydale ext internal roads-ward 12	Complete by November 2011	100%	R5071900			100%						
Butcher street- ward11	Complete by September 2011	100%	R1990700	100%								
Ohhahheni road- ward22	Complete by July 2011	100%	R200 000	100%								
Nhlanzanyoni road-ward 7	Complete by March 2012	100%	R950 000					100%				
Mthembu causeway -ward 19	Complete by July 2011	100%	R275 630	100%								
Vote: Electricity												
Provide free electricity to indigent households	No of households	2550	R1065000	2550		2550		2550		2550		
Energy efficiency strategy	Complete by June 2012	100%								100%		
2x complete 3 way ring main units	Deliver in February 2012	2	R180 000					2				
1x complete 4 way ring main unit	Deliver in February 2012	1	R 96 000					1				
Upgrade robot control system	Complete in September 2011	100%	R 50 000	100%								
Upgrade street lights	Complete in February 2012	100%	R 90 000	100%								
Transformers (pole mounted)	Deliver in March 2012	100%	R137 500					100%				
Single phase pre paid electricity meters	Deliver in February 2012	100%	R 40 000			100%						
Increase in Eskom supply (Equit share)	Complete in December 2011	100%	R11453930			100%						
Purchase 3 vehicles	Deliver in August 2011	3	R450 000	3								
Double cab-fire fighting	Deliver in March 2012	1	R250 000					1				
Electric Fence-Workshop	Complete August 2012	100%	R35 000	100%								
Vote: Other												
Municipal services infrastructure maintenance plan-vehicles	No of reports to Portfolio committee	6		1		1		1		1		
Staff clock	Install in September 2011	1	R 45 000	1								
Handyman's workshop	Complete in November 2011	100%	R150 000			100%						

15. **Contract having future budgets implications**

Hereunder follows the details of a contract which will impose financial obligations on the municipality beyond the three years covered in the annual budget:

Name	Description of Contract	Planned expenditure for duration of contract			
		2011/2012	2012/2013	2013/2014	2014/2015
<i>HCB Property Valuations</i>	<i>Second round of property valuations</i>	R300 000	R300 000	R300 000	R300 000

16. Capital Expenditure Details

16.1 Capital expenditure on new assets by asset class

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		17,866	9,469	35,071	17,748	20,824	20,824	7,304	13,254	19,932
Infrastructure - Road transport		16,106	8,158	24,905	11,422	14,874	14,874	2,606	6,689	10,600
<i>Roads, Pavements & Bridges</i>		16,106	8,158	24,905	11,422	14,874	14,874	2,606	6,689	10,600
<i>Storm water</i>			-		-					
Infrastructure - Electricity		-	72	1,831	3,210	2,810	2,810	1,149	1,560	2,598
<i>Generation</i>			72	1,831	3,210	2,810	2,810	1,149	1,560	2,598
Infrastructure - Other		1,760	1,238	8,334	3,116	3,140	3,140	3,550	5,006	6,734
<i>Waste Management</i>		1,760	1,238	8,334	3,116	3,140	3,140			
<i>Other</i>	3				-			3,550	5,006	6,734
<u>Community</u>		2,142	10,657	6,120	27,981	7,374	7,374	3,441	300	3,091
Parks & gardens						-	-			
Sportsfields & stadia		1,170	4,019	3,058	3,480	3,253	3,253	1,828	-	791
Swimming pools				30		-	-			
Community halls		858	538	171	1,133	911	911		-	1,500
Libraries		84	4,783	1,451		-	-			
Recreational facilities						-	-			
Fire, safety & emergency		29	1,317	457	659	-	-			500
Cemeteries				130		-	-	300	300	300
Social rental housing						-	-			
Other	8			823	22,710	3,210	3,210	1,313	-	-
<u>Investment properties</u>		-	-	-	1,890	1,890	1,890	220	-	-
Housing development					1,890	1,890	1,890	220		
Other										
<u>Other assets</u>		1,080	1,082	3,491	2,334	2,657	2,657	2,233	2,599	3,461
General vehicles		536	211	1,131	550	873	873	780	1,190	1,180
Specialised vehicles			461	1,781	800	800	800			1,400
Plant & equipment		349	153	485	688	688	688	1,132	490	525
Computers - hardware/equipment						-				
Furniture and other office equipment		195	257	94	296	296	296	322	919	356
Other						-				
<u>Intangibles</u>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Capital Expenditure on new assets	1	21,088	21,207	44,683	49,953	32,745	32,745	13,198	16,153	26,484
<u>Specialised vehicles</u>		-	-	1,781	-	-	-	-	-	1,400
Refuse				496						1,400
Fire				1,286						

16.2 Capital expenditure on the renewal of existing assets by asset class

Description R thousand	Ref 1	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		4,198	2,121	1,664	1,962	1,962	1,962	16,873	15,706	12,916
Infrastructure - Road transport		2,265	1,761	1,388	1,375	1,375	1,375	16,533	15,526	12,776
Roads, Pavements & Bridges		2,083	1,721	1,137	1,125	1,125	1,125	16,283	15,176	12,426
Storm water		182	40	251	250	250	250	250	350	350
Infrastructure - Electricity		769	105	112	582	582	582	140	100	140
Generation		769	105	112	582	582	582	140	100	140
Infrastructure - Other		1,164	256	164	5	5	5	200	80	-
Other	3	1,164	256	164	5	5	5	200	80	-
Community		-	223	-	500	500	500	2,900	2,200	200
Swimming pools					-			700		
Community halls					200	200	200	2,200	2,200	200
Museums & Art Galleries			45			-				
Cemeteries			178		300	300	300			
Other			-							
Other assets		215	139	200	227	227	227	347	373	406
Computers - hardware/equipment		201	139	200	227	227	227	347	373	406
Other		14								
Total Capital Expenditure on renewal of existing assets	1	4,413	2,483	1,863	2,689	2,689	2,689	20,120	18,279	13,522
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

16.3 Repairs and maintenance expenditure by asset class

Description R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		846	2,477	3,240	3,138	3,516	3,560	6,659	7,119	7,856
Infrastructure - Road transport		313	941	1,721	1,794	2,074	2,074	5,003	5,332	5,927
<i>Roads, Pavements & Bridges</i>		313	941	1,721	1,794	2,074	2,074	5,003	5,332	5,927
<i>Storm water</i>										
Infrastructure - Electricity		413	638	946	1,016	1,032	1,057	1,205	1,313	1,431
<i>Generation</i>		413	638	946	1,016	1,032	1,057	1,205	1,313	1,431
Infrastructure - Other		120	898	573	328	410	429	451	474	497
<i>Waste Management</i>		120	898	573	328	410	429	451	474	497
<u>Community</u>		1,312	2,731	1,550	1,570	1,637	1,651	5,060	2,821	3,452
Parks & gardens			1,880	302	378	378	438	2,260	483	507
Sportsfields & stadia						-				
Swimming pools			2	14	16	16	13	17	11	22
Community halls			236	217	252	252	260	1,572	1,286	1,900
Libraries			20	4	19	19	8	8	9	9
Recreational facilities			18	30	35	35	32	36	39	43
Fire, safety & emergency			203	289	297	364	334	359	385	412
Security and policing			366	464	431	431	431	466	489	513
Buses						-				
Clinics			5	8	8	8	8	32	8	9
Museums & Art Galleries			-	65	12	12	6	9	9	9
Cemeteries			-	156	122	122	122	300	100	28
Social rental housing										
Other		1,312				-				
<u>Other assets</u>		349	1,464	307	507	553	545	655	585	615
Other		349	1,464	307	507	553	545	655	585	615
Total Repairs and Maintenance Expenditure	1	2,507	6,671	5,097	5,215	5,706	5,757	12,374	10,524	11,923

<u>Specialised vehicles</u>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

16.4 Future financial implications of the capital budget

Vote Description	Ref	2011/12 Medium Term Revenue & Expenditure			Forecasts	
		Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	Forecast 2014/15	Forecast 2015/16
R thousand						
<u>Capital expenditure</u>	1					
Vote1 - EXECUTIVE AND COUNCIL		79	74	406	38	45
Vote2 - BUDGET AND TREASURY OFFICE		609	373	411	381	539
Vote3 - CORPORATE SERVICES		2,685	2,940	1,880	480	14,475
Vote4 - PLANNING AND DEVELOPMENT		225	80	-	-	-
Vote5 - HEALTH		120	50	-	40	100
Vote6 - COMMUNITY AND SOCIAL SERVICES		1,673	355	370	365	7,100
Vote7 - HOUSING		-	-	-	-	-
Vote8 - PUBLIC SAFETY		892	580	935	1,655	1,887
Vote9 - SPORTS AND RECREATION		2,728	640	841	6,457	2,270
Vote10 - WASTE MANAGEMENT		280	80	1,445	1,400	400
Vote11 - ROAD TRANSPORT		22,693	27,360	30,980	28,355	16,850
Vote12 - ELECTRICITY		1,289	1,860	2,738	818	2,283
Vote13 - AIR TRANSPORT		-	-	-	-	-
Vote14 - WORKSHOP		45	40	-	-	-
Total Capital Expenditure		33,318	34,432	40,006	39,989	45,949
<u>Future operational costs by vote</u>	2					
Vote1 - EXECUTIVE AND COUNCIL		2,557	2,611	2,749		
Vote2 - BUDGET AND TREASURY OFFICE		724	767	812		
Vote3 - CORPORATE SERVICES		2,176	1,925	2,577		
Vote4 - PLANNING AND DEVELOPMENT		146	154	162		
Vote5 - HEALTH		166	150	159		
Vote6 - COMMUNITY AND SOCIAL SERVICES		406	219	154		
Vote7 - HOUSING		97	100	103		
Vote8 - PUBLIC SAFETY		5,300	5,052	5,026		
Vote9 - SPORTS AND RECREATION		3,864	2,163	2,283		
Vote10 - WASTE MANAGEMENT		5,129	5,454	5,797		
Vote11 - ROAD TRANSPORT		5,152	5,486	6,084		
Vote12 - ELECTRICITY		1,717	1,847	1,988		
Vote13 - AIR TRANSPORT		11	12	12		
Vote14 - WORKSHOP		132	32	33		
Total future operational costs		27,578	25,972	27,940	-	-
<u>Future revenue by source</u>	3					
Property rates		38,920	40,442	42,059		
Property rates - penalties & collection charges		1,116	1,049	997		
Service charges - electricity revenue		48,171	56,896	67,043		
Service charges - refuse revenue		7,165	8,399	9,238		
Rental of facilities and equipment		1,335	1,412	1,494		
Total future revenue		96,706	108,197	120,832	-	-
Net Financial Implications		(35,811)	(47,793)	(52,886)	39,989	45,949

17. LEGISLATION COMPLIANCE STATUS

The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) became effective on 1 July 2004. Elements of the act have been phased in according to capacity of each municipality – high, medium and low.

The LG:MFMA has introduced significant changes to the financial management of local government. One of the main changes in budget preparation is that the single year, line item budgeting – which was a common feature of the previous practices – has been replaced by multi-year budgeting at a more strategic level.

The LG: MFMA aim to modernize budget and financial practices at all spheres of government, thereby facilitating effective service delivery. The general public plays an important role in ensuring a budget is set to reflect targeted service delivery. For example, during the budget preparation process, Section 21 of the LG: MFMA requires communities and residents within the municipal jurisdiction to be part of the Budget and Integrated Development Planning (IDP) processes. Section 8 of this report describes how this has been achieved.

Communities can also monitor the performance of the approved budget through regular reporting of the Service Delivery & Budget Implementation Plan (SDBIP) and the performance contracts of senior manager. These are prepared at the same time as the budget, thus ensuring alignment at the start of the financial year. Section 15 of this report provides some detail of the departmental SDBIP's that have been prepared. These highlight the key service delivery and performance targets that senior managers are accountable for.

Some of the key budget reforms encapsulated within the LG: MFMA, that uMlalazi has applied, are:

- Forward looking, multi-year budgets with strategic focus;
- Clear links between budget allocations and agreed policies;
- Improved integration of budget and planning processes;
- New budget process timetable with earlier adoption of budgets by council and earlier audits of Annual Financial Statements;
- Improved in-year reporting according to vote/function;
- Improved financial management information;
- Service Delivery and Budget Implementation Plans (SDBIP) developed and approved with budgets;
- New accounting norms and standards;
- Improvements to procurement and Supply Chain Management policies and processes;
- Establishment of a new audit committee and oversight process reforms and;
- Focus on performance measurement,

The LG: MFMA implementation is monitored through regular reporting including:

- Quarterly reviews of LG: MFMA implementation plans and 12 urgent implementation priorities checklist;
- Monthly returns to National Treasury and monthly reports to Mayor and Council, as required by Section 71;
- Publication of information on the municipalities website (www.umlalazi.org.za) and
- Mid-year budget and performance assessment as required by Section 72

The Budget and Medium Term Revenue and Expenditure Framework (MTREF) was prepared taking cognizance of the contents of the Municipal budget and reporting regulations, Local Government: Municipal Finance Management Act No 56 of 2003, Circular No. 51 and the LG:MFMA Budget Formats Guide received from National Treasury.

The objective of the regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities and municipal entities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the Act.

OTHER LEGISLATION

The other important pieces of legislation when considering the budget processes are:

- The Division of Revenue Bill 2010 and
- The Municipal Systems Act (Act no. 32 of 2000), together with the Municipal Systems Amendment Act (Act No. 44 of 2003)

Division of Revenue Bill 2010

This Bill issued in February annually, provides the three year allocations from national government to local government. It sets out all the reporting requirements and conditions relating to the grants. Alongside this Provincial Departments allocate funding to local government by means of a provincial gazette.

These allocations are used when preparing the three year budget in order to comply with Section 18 of the LG: MFMA (relating to reasonably anticipated revenues to be collected). Additional allocations – both nationally and provincially – are sometimes made to municipalities. However, these are not included in the original budget as the allocations are not certain. When confirmed they will be included in an adjustments budget in accordance with Section 28 of the LG: MFMA.

The Municipal Systems Act (Act no. 32 of 2000) and the Municipal Systems Amendment Act (Act No. 44 of 2003)

These acts form the basis of the links between the budget and the Integrated Development Plan (IDP). In particular, the aspects that have been considered in preparing the budget are:

- Community participation (Chapters 4 & 5);

Performance management (Chapter 6) providing also the basis for measurable performance objectives in the Service Delivery and Budget Implementation Plan (SDBIP); and Tariff Policy (Chapter 8).

18. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **Joachim Christoffel Gerber**, Municipal Manager of the uMlalazi Municipality,
Hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act to a certain extent with the budget document as set out in schedule A of the regulations including the main tables (A1-A10), and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name.....**J C GERBER**.....

Municipal Manager of**uMLALAZI MUNICIPALITY**.....

Signature..........

Date.....

CONTACT DETAILS

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